

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Sandyston-Walpack Consolidated School District  
Layton, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

**Sandyston Walpack Consolidated Board of Education  
Finance Department**

BOARD OF EDUCATION  
SANDYSTON-WALPACK  
CONSOLIDATED SCHOOL DISTRICT

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## **Introductory Section**

**SANDYSTON-WALPACK CONSOLIDATED SCHOOL**  
**P.O. BOX 128, LAYTON, N.J. 07851**  
973-948-4450 Phone 973-948-4492 Fax  
973-948-3263 Nurse's Office

**Donald Gross, Ed.D.**  
Superintendent  
dgross@sandystonwalpack.org

**Carole Kylish**  
Board Secretary

August 23, 2012

Honorable President and  
Members of the Board of Education  
Sandyston-Walpack School District  
P.O. Box 128  
Layton, N.J. 07851

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Sandyston-Walpack School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rest with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows where applicable in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

The district provides an education to the children from pre-school through sixth grade who reside in Sandyston and Walpack townships. The teaching staff follows a curriculum that is comprehensive and up-to-date. Along with four other elementary school districts and a regional junior-senior high school district, SW participates in a consortium that involves the planning, developing, and implementation of new curricula based on the requirements of State Code. The

consortium is appropriately moving from the NJ Core Curriculum Content Standards to the national Common Core Standards. During the past year, the members reviewed a variety of math programs, developed the goals/objectives so that they related to the Common Core Standards, and implemented a new math curriculum.

In the spring of 2012, students in grades three through six were administered the NJ Assessment of Skills and Knowledge (NJ ASK). Our students continue to demonstrate a high level of achievement on this test. However, it should be noted that our staff works with each student so as to maximize the student's learning throughout the year (and not just for testing). We are proud of the work our staff does each and every day. In last year's testing, the following levels of success were obtained:

	Language Arts*	Math*
Third Grade	100%	100%
Fourth Grade	80%	90%
Fifth Grade	76%	84%
Combined Grade 3 – 5	85%	91%
Sixth Grade	76%	87%

\* Combined proficient and advanced proficient

While percentages do not tell the whole story, the scores of 2012 went up slightly in looking at the grades that were tested. The challenge for our district is to work toward moving all students to proficient and moving those in the proficient category to advanced proficient.

#### Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2011-2012	147	(5.7)
2010-2011	156	(0.03)
2009-2010	161	0.012
2008-2009	159	(10.1)
2007-2008	177	(2.7)
2006-2007	182	3.4
2005-2006	176	0
2004-2005	176	(1.6)
2003-2004	179	1.1
2002-2003	177	(11.0)
2001-2002	199	4.7
2000-2001	190	(5.9)
1999-2000	202	0
1998-1999	202	8.2
1997-1998	187	(3.7)
1996-1997	194	5.4
1995-1996	184	11.5
1994-1995	165	(4.0)
1993-1994	172	0
1992-1993	172	2.3
1991-1992	168	

**2. ECONOMIC CONDITION AND OUTLOOK:** The Sandyston-Walpack School District currently and historically has enjoyed a strong level of support from its two constituent

communities with budgets passing the annual vote by a substantial margin year after year. This has been in part due to maintenance of a basic budget that well supports the educational needs of the students, yet has done so without the necessity of significant increases in local property taxes in any given year. This has also been the result of the receipt of Federal Impact Aid title PL 8002, which is the aid from the federal government designed to help offset the loss of ratable property due to its acquisition for the Delaware Water Gap National Recreation Area. It is currently estimated that these ratables exceed \$1,100,000,000. Payment from Impact Aid may be as high as 17% or more of the school budget.

Although Impact Aid has proven most beneficial over the past years, there has been a history of uncertainty surrounding this funding and whether or not payments will be received within a specific fiscal year or if funds will be continued in future years depending upon congressional discretion. This uncertainty has made budgeting a difficult process in many years since the total expected revenue cannot be guaranteed. This has caused the Board of Education to use Impact Aid for one time costs rather than to become dependent on such funds for ongoing operational needs. Fortunately, for a number of years now, the receipt of federal funding in the form of Impact Aid, although variable in dollar amount, has been consistently received. Projections indicate the district will get 8.5% less in Impact Aid due to sequestration.

The Delaware Water Gap National Recreation Area has been receiving about 2.5 million visitors per year but has had little economic impact on the communities.

The use of the present facility has changed over the years and, although the student population has remained static over the last several years, the change in utilization has created space concerns. The district has more small group instruction areas to meet the needs of special education students and to provide for services associated with basic skills instruction, resource centers, occupational therapy, physical therapy and speech.

It is safe to say that, although the district is working well within its present level of local, state and federal funding, uncertainty continues in the near future. This uncertainty has been greatly increased with the passage of S-1701, a bill that has far reaching effects upon how the district may be able to utilize its Impact Aid.

3. MAJOR INITIATIVES: The Sandyston-Walpack Consolidated School maintains its focus on providing a quality education for all children aged 3 through 12. The Board of Education stands committed to reviewing our current programs and adding the elements needed to comply with the Core Curriculum Standards.

Our curriculum was recently revised in social studies to encompass the Common Core Standards (at this time they have not been fully developed). The focus of professional development will be to learn and use the curriculum so that learning continues for our students

Other areas of professional development are literacy at the primary grades (Project Readers with Lehigh University), differentiated instruction, data-mining, and the new teacher evaluation system that is mandated by the state of New Jersey.

4. INTERNAL ACCOUNTING CONTROLS: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable

assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires costs and estimates and judgments by management.

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is also subject to periodic evaluation by the district management.

As part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and for capital outlay. The final budget, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2012.

6. ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT: The investment policy of the Sandyston-Walpack School District is guided in large part by state statute as detailed in "Notes to Financial Statements, Note 2. The district has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

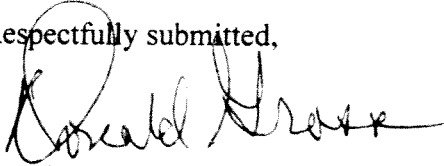
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION: Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M. Vrabel & Associates was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial section statements and combining and individual statements and schedules is included in the

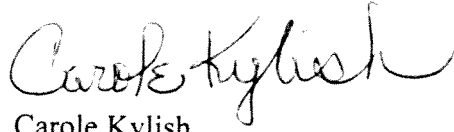
financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Sandyston-Walpack Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donald Gross". The signature is fluid and cursive, with the first name "Donald" being more prominent than the last name "Gross".

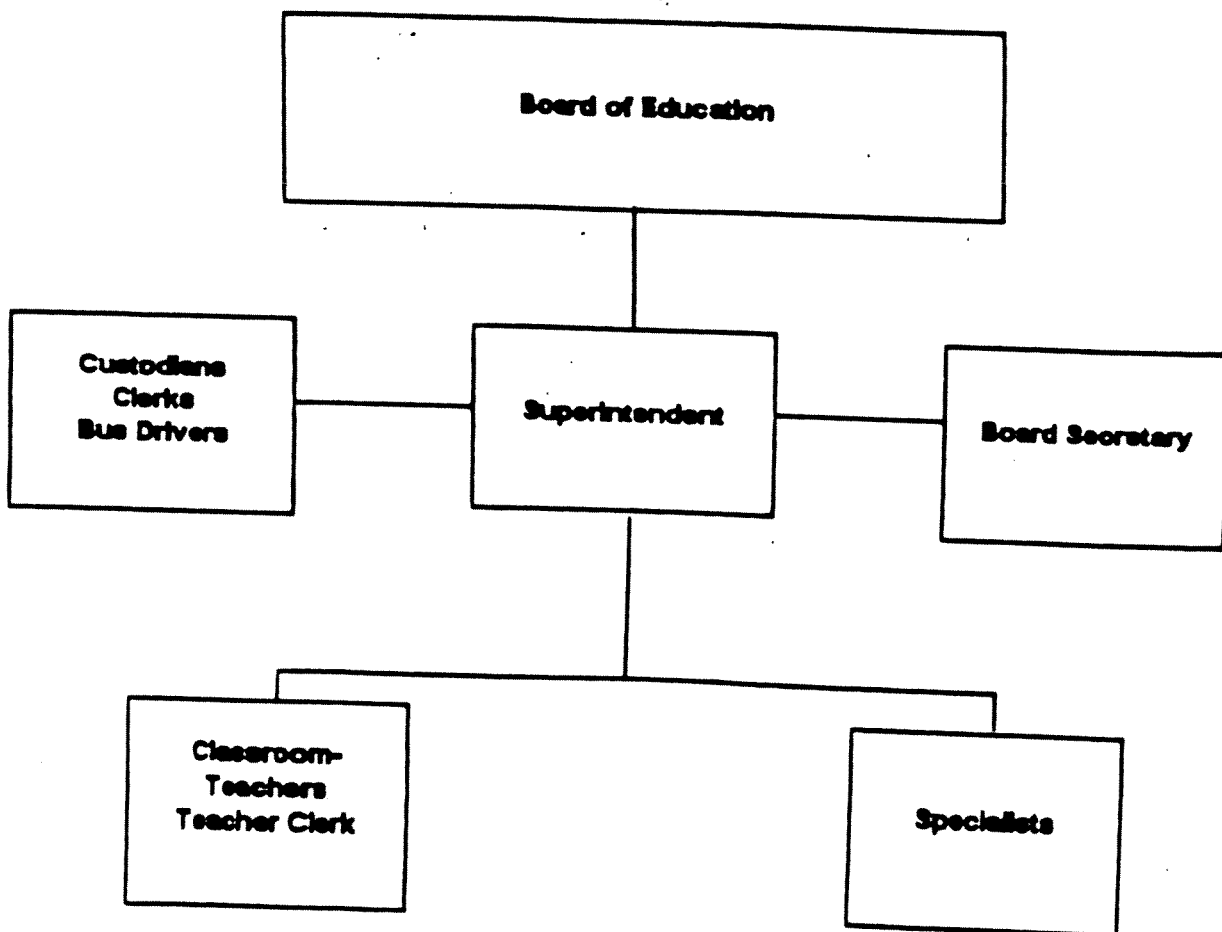
Donald Gross  
Superintendent

A handwritten signature in black ink, appearing to read "Carole Kylish". The signature is cursive and elegant, with the first name "Carole" being more prominent than the last name "Kylish".

Carole Kylish  
Board Secretary

**BOARD OF EDUCATION  
SANDYSTON-WALPACK  
CONSOLIDATED SCHOOL  
LAYTON, NEW JERSEY**

**ORGANIZATIONAL CHART**



SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION  
LAYTON, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2012

<u>Members of Board of Education</u>		<u>Term Expires</u>
Ann Gillerlane	President	2012
Brenda Cucchiara	Member	2013
Colleen Hewitt	Member	2014
Nancy Kovar	Member	2013
Michael Milligan III	Member	2013
Kelli Pastor	Member	2012
Jo-Ann Williamson	Member	2014
Walpack Seat	Vacant	
Sandyston Seat	Vacant	

Other Officials

Donald Gross, Superintendent

Carole Kylish, Board Secretary

Lois Kinney, Treasurer

James Fox, Board Attorney

SANDYSTON-WALPACK CONSOLIDATED SCHOOL

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

T.M. VRABEL & ASSOCIATES, LLC  
170 MAIN STREET  
P.O. BOX 541  
DENVER, N.J. 07834

ATTORNEY

JAMES FOX, ESQ.  
MORRIS, DOWNING & SHERRED  
ONE MAIN STREET  
P.O. BOX 67  
NEWTON, N.J. 07860

OFFICIAL DEPOSITORY

LAKELAND BANK  
BROAD STREET  
BRANCHVILLE, N.J. 07826

LAKELAND BANK  
362 ROUTE 206 NORTH  
BRANCHVILLE, N.J. 07826

SUSSEX BANK  
100 ROUTE 206  
AUGUSTA, N.J. 07822

## **Financial Section**

## **Independent Auditor's Report**

*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

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*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Huang, CPA*

INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Sandyston-Walpack Consolidated School District  
County of Sussex, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandyston-Walpack Consolidated School District of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sandyston-Walpack Consolidated School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandyston-Walpack Consolidated School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

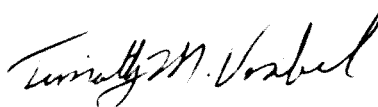
In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2012 on our consideration of the Sandyston-Walpack Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*170 East Main Street*  
*P.O. Box 541*  
*Denville, NJ 07834*  
*973-625-2920 Fax: 973-625-8733*  
*Email: tmvrabel@coptonline.net*

The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandyston-Walpack Consolidated School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

August 24, 2012

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Sandyston-Walpack Consolidated School District financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

### FINANCIAL HIGHLIGHTS

- The District's net assets increased \$185,000 as a result of this year's operations. Net assets of our business-type activities increased by \$2,000, or 25 percent, and net assets of our governmental activities increased by \$183,000 or 9.7 percent.
- Total cost of all of the District's programs was \$2,842,000 in 2011-2012 compared to \$2,735,000 in 2010-2011.
- During the year, the District had expenses for governmental activities that were \$247,000 less than the \$3,016,000 generated in tax and other program revenues.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

#### Reporting the District as a Whole

##### The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund as shown on pages 32 and 33.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental funds:* most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 29.

*Proprietary funds:* when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### **The District as Trustee**

#### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$1,893,000 to \$2,078,000. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

**Table 1**  
**Net Assets (in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	1,170	1,087	14	13	1,184	1,100
Long term receivables					-	-
Capital assets	<u>998</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>998</u>	<u>957</u>
Total assets	<u>2,168</u>	<u>2,044</u>	<u>14</u>	<u>13</u>	<u>2,182</u>	<u>2,057</u>
Long-term debt outstanding	69	72			69	72
Other liabilities	<u>31</u>	<u>87</u>	<u>4</u>	<u>5</u>	<u>35</u>	<u>92</u>
Total liabilities	<u>100</u>	<u>159</u>	<u>4</u>	<u>5</u>	<u>104</u>	<u>164</u>
Net assets:						
Invested in capital assets, net of debt	998	957			998	957
Restricted	375	296			375	296
Unrestricted (deficit)	<u>695</u>	<u>632</u>	<u>10</u>	<u>8</u>	<u>705</u>	<u>640</u>
Total net assets	<u>2,068</u>	<u>1,885</u>	<u>10</u>	<u>8</u>	<u>2,078</u>	<u>1,893</u>

Net assets of the District's governmental activities increased by 9.7 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased by \$63,000. Restricted net assets, those restricted mainly for capital projects increased by \$79,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category increased by \$41,000.

**Table 2**  
**Changes in Net Assets (in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Revenues</u>						
Program revenues:						
Charges for Services			9	8	9	8
Operating Grants and Contributions	338	267	2	3	340	270
General revenues:						
Property Taxes	1,886	1,849			1,886	1,849
Federal and State Aid	788	831			788	831
Interest and Investment Earnings	3	4			3	4
Other General Revenues	(7)	(9)	7	7	-	(2)
Total Revenues:	<u>3,008</u>	<u>2,942</u>	<u>18</u>	<u>18</u>	<u>3,026</u>	<u>2,960</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	1,067	1,091			1,067	1,091
Special	403	352			403	352
Other instruction	193	193			193	193
Support services:						
Tuition	28	28			28	28
Student and instruction related services	430	378			430	378
School administrative services	69	68			69	68
General and business administrative services	244	227			244	227
Plant operations and maintenance	229	238			229	238
Pupil transportation	162	143			162	143
Charter school					-	-
Business-type activities:						
Food Services	-	-	17	17	17	17
Total Expenses	<u>2,825</u>	<u>2,718</u>	<u>17</u>	<u>17</u>	<u>2,842</u>	<u>2,735</u>
Increase (Decrease) in Net Assets	<u>183</u>	<u>224</u>	<u>1</u>	<u>1</u>	<u>184</u>	<u>225</u>

**THE DISTRICT'S FUNDS****Governmental Activities****Table 3**

Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011.

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Local Tax Levy	1,886	1,849	2.00%
Interest Earned to Investments	3	4	-25.00%
Miscellaneous	<u>2</u>	<u>4</u>	-50.00%
Total - Local Sources	1,891	1,857	1.83%
State Sources	760	694	9.51%
Federal Sources	<u>365</u>	<u>403</u>	-9.43%
Total Revenues	<u>3,016</u>	<u>2,954</u>	2.10%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Current:			
Regular Instruction	759	795	-4.53%
Special education	265	221	19.91%
Other instruction	162	161	0.62%
Support Services and undistributed costs:			
Tuition	28	28	0.00%
Student and instruction related services	368	328	12.20%
School administrative services	57	58	-1.72%
General and Business administrative services	187	181	3.31%
Plant operations and maintenance	196	208	-5.77%
Pupil transportation	149	132	12.88%
Employee Benefits	613	565	8.50%
Capital Outlay	<u>85</u>	<u>3</u>	2733.33%
Total Expenditures	<u>2,869</u>	<u>2,680</u>	7.05%

## Business-type Activities

The District's major Enterprise Fund consists of the Food Service.. The basic financial statements for this major fund are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included this fund in Table 4, which demonstrates return on ending assets and return on ending net assets.

**Table 4**

(\$000 omitted)

	<u>Food Service</u>
Total Assets	14
Net Assets	10
Change in Net Assets	1
Return on Ending Total Assets	7.14%
Return on Ending Net Assets	10.00%

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

**Table 5**

**Capital Assets at Year-end**  
**(Net of Depreciation, in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	50	50			50	50
Buildings	1,450	1,367			1,450	1,367
Machinery and Equipment	260	260			260	260
Subtotal	1,760	1,677	-	-	1,760	1,677
Accumulated Depreciation	(762)	(720)	-	-	(762)	(720)
Totals	998	957	-	-	998	957

## DEBT

At year-end the District had total debt of \$0 versus \$0 last year as shown in Table 6.

**Outstanding Debt, at year –end (in thousands)**  
**Table 6**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Serial Bonds		
Loans		
Lease Purchase Agreement		
Temporary Notes		
Authorized but not Issued		
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

## BUDGETS

The significant variances between the originally adopted budget for the year 2011-2012 and the final budget were caused by the treatment of encumbrances that are added to the original budget and the appropriation of additional revenues and Fund Balance. In addition, the State pension payments, which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary, Sandyston-Walpack School District, Layton, New Jersey

## **BASIC FINANCIAL STATEMENTS**

**Section A**  
**DISTRICT – WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2012**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 932,436.86	\$ 6,944.77	\$ 939,381.63
Receivables, net	36,604.00	66.18	36,670.18
Interfund receivables	4,427.52	7,424.38	11,851.90
Restricted assets:			
Capital reserve account - cash	197,063.92		197,063.92
Capital assets, net (Note III:C.):	997,861.28	-	997,861.28
Total Assets	<u>2,168,393.58</u>	<u>14,435.33</u>	<u>2,182,828.91</u>
<b>LIABILITIES</b>			
Accounts payable	16,245.88	248.80	16,494.68
Interfunds payable	7,424.38	4,427.52	11,851.90
Deferred revenue	4,971.45		4,971.45
Other	2,129.43		2,129.43
Noncurrent liabilities (Note IV:B.):			
Due within one year	-		-
Due beyond one year	69,350.28	-	69,350.28
Total liabilities	<u>100,121.42</u>	<u>4,676.32</u>	<u>104,797.74</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	997,861.28		997,861.28
Restricted for:			
Capital projects	197,063.92		197,063.92
Other purposes	177,919.24		177,919.24
Unrestricted	695,427.72	9,759.01	705,186.73
Total Net Assets	<u>\$ 2,068,272.16</u>	<u>\$ 9,759.01</u>	<u>\$ 2,078,031.17</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 1,066,581.20	\$ -	\$ 109,618.00	\$ -	\$ (956,963.20)	\$ -	\$ (956,963.20)
Special education	403,426.42		103,495.52		(299,930.90)		(299,930.90)
Other instruction	193,029.81		20,114.81		(172,915.00)		(172,915.00)
Support services:							
Tuition	27,887.68						
Student and instruction related services	429,684.30		8,227.16		(19,660.52)		(19,660.52)
School administrative services	68,439.82		58,323.83		(371,360.47)		(371,360.47)
General and business administrative services	244,234.67		7,226.10		(61,213.72)		(61,213.72)
Plant operations and maintenance	229,279.27		18,519.50		(225,715.17)		(225,715.17)
Pupil transportation	162,128.70		9,767.99		(219,511.28)		(219,511.28)
Total governmental activities	2,824,691.87		2,472.11		(159,656.59)		(159,656.59)
			337,765.02		(2,486,926.85)		(2,486,926.85)
Business-type activities:							
Food Service	16,956.95	9,003.15	2,169.55			(5,784.25)	(5,784.25)
Total business-type activities	16,956.95	9,003.15	2,169.55			(5,784.25)	(5,784.25)
Total primary government	\$ 2,841,648.82	\$ 9,003.15	\$ 339,934.57	\$ -	\$ (2,486,926.85)	\$ (5,784.25)	\$ (2,492,711.10)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 1,885,886.00	\$ -	\$ 1,885,886.00
Federal and State aid not restricted					787,863.10		787,863.10
Investment Earnings					2,731.49	19.49	2,750.98
Miscellaneous Income					1,851.85		1,851.85
Transfers					(7,248.50)	7,248.50	-
Debt Service Assessment					(1,230.00)		(1,230.00)
Total general revenues, special items, extraordinary items and transfers					2,669,853.94	7,267.99	2,677,121.93
Change in Net Assets					182,927.09	1,483.74	184,410.83
Net Assets—beginning					1,885,345.07	8,275.27	1,893,620.34
Net Assets—ending					\$ 2,068,272.16	\$ 9,759.01	\$ 2,078,031.17

The accompanying Notes to Financial Statements are an integral part of this statement.

**Section B**  
**FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 938,870.76	\$ (6,433.90)	\$ 932,436.86
Interfunds receivable	4,427.52		4,427.52
Receivables from other governments	19,691.12	6,433.90	26,125.02
Tax Levy receivable	10,478.98		10,478.98
Restricted cash and cash equivalents	<u>197,063.92</u>	<u>-</u>	<u>197,063.92</u>
Total Assets	<u>\$ 1,170,532.30</u>	<u>\$ -</u>	<u>\$ 1,170,532.30</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 16,245.88	\$ -	\$ 16,245.88
Interfunds payable	7,424.38		7,424.38
Deferred revenue	4,971.45		4,971.45
Other	<u>2,129.43</u>		<u>2,129.43</u>
Total Liabilities	<u>30,771.14</u>		<u>30,771.14</u>
Fund Balances:			
Restricted for:			
Reserve for Excess Surplus	112,619.24		112,619.24
Capital Reserve Account	197,063.92		197,063.92
Maintenance Reserve	65,300.00		65,300.00
Assigned to:			
Designated for Subsequent Year's Expenditures	285,011.00		285,011.00
Unassigned	<u>479,767.00</u>		<u>479,767.00</u>
Total Fund Balances	<u>1,139,761.16</u>	<u>-</u>	<u>1,139,761.16</u>
Total Liabilities and Fund Balances	<u>\$ 1,170,532.30</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Adjustment to Debt Service Fund net assets for the accrual of interest expense.

-

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,760,378.86 and the accumulated depreciation is \$762,517.58.

997,861.28

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note IV:B.)

(69,350.28)

Net assets of governmental activities

\$ 2,068,272.16

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION  
 SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
 Statement of Revenues, Expenditures, And Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 1,885,886.00	\$ -	\$ 1,885,886.00
Interest earned on investments	1,993.99		1,993.99
Interest earned on Capital Reserve Funds	737.50		737.50
Miscellaneous	1,851.85		1,851.85
Total - Local Sources	1,890,469.34	-	1,890,469.34
State sources	759,989.32		759,989.32
Federal sources	308,144.00	57,494.80	365,638.80
Total Revenues	2,958,602.66	57,494.80	3,016,097.46
<b>EXPENDITURES</b>			
Current:			
Regular instruction	759,239.37		759,239.37
Special education instruction	245,881.83	18,981.00	264,862.83
Other Instruction	161,991.21		161,991.21
Support services and undistributed costs:			
Tuition	27,887.68		27,887.68
Student and instruction related services	331,318.42	37,061.75	368,380.17
School administrative services	56,926.36		56,926.36
General and business administrative services	187,497.42		187,497.42
Plant operations and maintenance	196,189.16		196,189.16
Pupil transportation	149,008.26		149,008.26
Unallocated benefits	611,383.71	1,452.05	612,835.76
Capital outlay	84,927.68	-	84,927.68
Total Expenditures	2,812,251.10	57,494.80	2,869,745.90
Excess (Deficiency) of revenues over expenditures	146,351.56	-	146,351.56
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers (out)	(7,248.50)		(7,248.50)
Total Other Financing Sources and (Uses)	(7,248.50)	-	(7,248.50)
Net change in fund balances	139,103.06	-	139,103.06
Fund Balance—July 1	1,000,658.10	-	1,000,658.10
Fund Balance—June 30	\$ 1,139,761.16	\$ -	\$ 1,139,761.16

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012**

**Total net change in fund balances - governmental funds (from B-2)** 139,103.06

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)

Interest paid	-	
Interest accrued	-	
	-	

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(42,848.02)	
Capital outlays	84,927.68	
	84,927.68	

42,079.66

A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets.

(1,230.00)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

-

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).

2,974.37

Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	-	
Capital lease principal	-	

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt	-	
Capital lease proceeds	-	

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

-

**Change in net assets of governmental activities**

182,927.09

The accompanying Notes to Financial Statements are an integral part of this statement.

## **PROPRIETARY FUNDS**

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012

	<b>Business-type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,944.77	\$ 6,944.77
Accounts receivable	66.18	66.18
Interfund receivables	<u>7,424.38</u>	<u>7,424.38</u>
Total Current Assets	<u>14,435.33</u>	<u>14,435.33</u>
Total Assets	<u>14,435.33</u>	<u>14,435.33</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	248.80	248.80
Interfund payable	<u>4,427.52</u>	<u>4,427.52</u>
Total Current Liabilities	<u>4,676.32</u>	<u>4,676.32</u>
<b>NET ASSETS</b>		
Unrestricted	<u>9,759.01</u>	<u>9,759.01</u>
Total Net Assets	<u>\$ 9,759.01</u>	<u>\$ 9,759.01</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

	<b>Business-type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>Operating Revenues:</b>		
Charges for services:		
Daily sales - reimbursable programs	\$ 5,536.86	\$ 5,536.86
Daily sales - non-reimbursable programs	3,466.29	3,466.29
Total Operating Revenues	<u>9,003.15</u>	<u>9,003.15</u>
 <b>Operating Expenses:</b>		
Cost of sales	9,708.45	9,708.45
Salaries	5,858.90	5,858.90
General supplies	<u>1,389.60</u>	<u>1,389.60</u>
Total Operating Expenses	<u>16,956.95</u>	<u>16,956.95</u>
Operating Income (Loss)	<u>(7,953.80)</u>	<u>(7,953.80)</u>
 <b>Nonoperating Revenues (Expenses):</b>		
State sources:		
State school lunch program	105.85	105.85
Federal sources:		
National school lunch program	2,063.70	2,063.70
Interest and investment revenue	<u>19.49</u>	<u>19.49</u>
Total Nonoperating Revenues (Expenses)	<u>2,189.04</u>	<u>2,189.04</u>
Income (loss) before contributions and transfers	<u>(5,764.76)</u>	<u>(5,764.76)</u>
<b>Transfers in (out)</b>	<u>7,248.50</u>	<u>7,248.50</u>
Change in net assets	1,483.74	1,483.74
<b>Total Net Assets—Beginning</b>	<u>8,275.27</u>	<u>8,275.27</u>
 <b>Total Net Assets—Ending</b>	<u>\$ 9,759.01</u>	<u>\$ 9,759.01</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 6,833.59	\$ 6,833.59
Payments to employees	(5,858.90)	(5,858.90)
Payments to suppliers	<u>(11,471.65)</u>	<u>(11,471.65)</u>
Net cash provided by (used for) operating activities	<u>(10,496.96)</u>	<u>(10,496.96)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	105.85	105.85
Federal Sources	2,063.70	2,063.70
Operating subsidies and transfers to other funds	<u>7,248.50</u>	<u>7,248.50</u>
Net cash provided by (used for) non-capital financing activities	<u>9,418.05</u>	<u>9,418.05</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	<u>19.49</u>	<u>19.49</u>
Net cash provided by (used for) investing activities	<u>19.49</u>	<u>19.49</u>
Net increase (decrease) in cash and cash equivalents	(1,059.42)	(1,059.42)
Balances—beginning of year	<u>8,004.19</u>	<u>8,004.19</u>
Balances—end of year	<u>\$ 6,944.77</u>	<u>\$ 6,944.77</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (7,953.80)	(7,953.80)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable, net	(2,169.56)	(2,169.56)
Increase (decrease) in accounts payable	<u>(373.60)</u>	<u>(373.60)</u>
Total adjustments	<u>(2,543.16)</u>	<u>(2,543.16)</u>
Net cash provided by (used for) operating activities	<u>\$ (10,496.96)</u>	<u>\$ (10,496.96)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,324.48	\$ 30,075.23
Interfund receivable	<u>2,889.02</u>	<u>-</u>
Total Assets	<u>\$ 25,213.50</u>	<u>\$ 30,075.23</u>
<b>LIABILITIES</b>		
Interfund payable		\$ 2,889.02
Payroll deductions and withholdings		<u>27,186.21</u>
Total Liabilities		<u>\$ 30,075.23</u>
<b>NET ASSETS</b>		
Held in trust for unemployment claims and other purposes	<u>\$ 25,213.50</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2012**

	Unemployment Compensation <u>Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ 4,889.02
Board of Education	<u>-</u>
Total Contributions	<u>4,889.02</u>
Investment earnings:	
Interest	<u>52.39</u>
Net investment earnings	<u>52.39</u>
Total Additions	<u>4,941.41</u>
<b>DEDUCTIONS</b>	
Unemployment claims	<u>5,890.28</u>
Total Deductions	<u>5,890.28</u>
Change in Net Assets	(948.87)
<b>Net Assets—beginning</b>	<u>26,162.37</u>
<b>Net Assets—ending</b>	<u>\$ 25,213.50</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Sandyston-Walpack Consolidated School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Sandyston-Walpack Consolidated School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in Layton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance in the amount of \$26,699.91, additional revenues in the amount of \$27,613.05 and prior year encumbrances in the amount of \$17,009.48 were made during the year ended June 30, 2012. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The special revenue fund had no encumbrances at June 30, 2012.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-I differs from "net assets" of governmental activities reported in the statement of net assets in A-I. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Assets</u>				Statement of Net Assets Totals
<u>Assets</u>	Total Governmental Funds	Long - term Assets Liabilities (1)	Reclassifications and Eliminations		
Cash and cash equivalents	\$ 932,436.86	\$ -	\$ -	\$	932,436.86
Receivables, net			36,604.00		36,604.00
Interfund Receivables	4,427.52				4,427.52
Receivables from Other Governments	26,125.02		(26,125.02)		-
Tax Levy Receivable	10,478.98		(10,478.98)		-
Restricted assets:					
Capital Reserve Account - cash	197,063.92				197,063.92
Capital Assets, net	<u>-</u>	<u>997,861.28</u>	<u>-</u>		<u>997,861.28</u>
 Total Assets	 <u>\$ 1,170,532.30</u>	 <u>\$ 997,861.28</u>	 <u>\$ -</u>	 <u>\$</u>	 <u>2,168,393.58</u>
 <u>Liabilities</u>					
Accounts Payable	\$ 16,245.88	\$ -	\$ -	\$	16,245.88
Interfunds Payable	7,424.38				7,424.38
Deferred Revenue	4,971.45				4,971.45
Other	2,129.43				2,129.43
Noncurrent Liabilities	<u>-</u>		<u>69,350.28</u>		<u>69,350.28</u>
Total Liabilities	<u>30,771.14</u>		<u>69,350.28</u>		<u>100,121.42</u>
 <u>Fund Balances/Net Assets</u>					
<u>Net Assets</u>					
Invested in capital assets, net of related debt		997,861.28			997,861.28
Restricted for:					
Capital projects	197,063.92				197,063.92
Other purposes	177,919.24				177,919.24
Unrestricted	<u>764,778.00</u>	<u>-</u>	<u>(69,350.28)</u>		<u>695,427.72</u>
Total Fund Balances/Net Assets	<u>1,139,761.16</u>	<u>997,861.28</u>	<u>(69,350.28)</u>		<u>2,068,272.16</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$ 1,170,532.30</u>	<u>\$ 997,861.28</u>	<u>\$ -</u>	<u>\$</u>	<u>2,168,393.58</u>

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 1,760,378.86
Accumulated depreciation	<u>(762,517.58)</u>
	<u>\$ 997,861.28</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the of net assets.

Compensated Absences	\$ 69,350.28
	<u>\$ 69,350.28</u>

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below

Statement of Revenues, Expenditures, and Changes in Fund Balance Statement of Activities

Revenues and Other Sources	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Local Tax Levy	\$ 1,885,886.00	\$ -	\$ -	\$ -	\$ -	\$ 1,885,886.00
Interest Earned on Investments	2,731.49					2,731.49
Miscellaneous	1,851.85					1,851.85
State Sources	759,989.32					759,989.32
Federal Sources	365,638.80	-	-	-	-	365,638.80
Total	3,016,097.46	-	-	-	-	3,016,097.46
<b>Expenditures</b>						
Current:						
Regular instruction	759,239.37	-	25,638.79	(13,276.47)	294,979.51	1,066,581.20
Special education	264,862.83		2,725.23	5,409.41	130,428.95	403,426.42
Other instruction	161,991.21		250.00	64.59	30,724.01	193,029.81
Support Services and undistributed costs:						
Tuition	27,887.68					27,887.68
Student and instruction related services	368,380.17			1,808.52	59,495.61	429,684.30
School administrative services	56,926.36		476.09		11,037.37	68,439.82
General and business administrative services	187,497.42		3,389.52	2,131.47	51,216.26	244,234.67
Plant operations and maintenance	196,189.16		1,380.49		31,709.62	229,279.27
Pupil transportation	149,008.26		8,987.90	888.11	3,244.43	162,128.70
Unallocated Benefits	612,835.76				(612,835.76)	-
Capital Outlay	84,927.68		(84,927.68)	-	-	-
Total	2,869,745.90		(42,079.66)	(2,974.37)	-	2,824,691.87
Other Financing Uses/Changes in Net Assets:						
Debt Service Assessment			(1,230.00)			(1,230.00)
Net Transfers to/from other funds	(7,248.50)		-			(7,248.50)
Total	(7,248.50)	-	(1,230.00)	-	-	(8,478.50)
Net Change for the Year	\$ 139,103.06	\$ -	\$ 40,849.66	\$ 2,974.37	\$ -	\$ 182,927.09

2. In the statement of activities, interest on long - term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliations (+)

\$ -

3. Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount which capital outlays exceeded depreciation in the period.

Depreciation expense  
Capital outlays

\$ (42,848.02)  
84,927.68

\$ 42,079.66

3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets.

\$ (1,230.00)

3. In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed (-)

4. In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the differences is an addition to the reconciliation (+)

\$ 2,974.37

Payment of long-term liability principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal  
Capital lease principal

\$ 2,974.37

4. Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long - term liabilities in the statement of net assets.

Proceeds of long - term debt  
Capital lease proceeds

\$ -  
\$ -

5. Allocate Benefits expenditures

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2012 the Sandyston-Walpack Consolidated School District's cash and cash equivalent's amounted to \$1,209,485.31. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$959,485.31 was covered by a collateral pool maintained by the banks as required by GUDPA

At June 30, 2012 the Sandyston-Walpack Consolidated School District had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Sandyston-Walpack Consolidated School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012, none of the Sandyston-Walpack Consolidated School District's cash and cash equivalents of \$1,209,485.31 was exposed to custodial credit risk.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Sandyston-Walpack Consolidated School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Sandyston-Walpack Consolidated School District had no investments as described in Note I:G.1 at June 30, 2012.

B. Interfund Receivables and Payables

As of June 30, 2012, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ 4,427.52	\$ 7,424.38
Enterprise Fund	<u>7,424.38</u>	<u>4,427.52</u>
	<u>\$11,851.90</u>	<u>\$11,851.90</u>

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 50,000.00	\$ -	\$ -	\$ 50,000.00
Total Capital assets not being depreciated	<u>50,000.00</u>	<u>-</u>	<u>-</u>	<u>50,000.00</u>
 Buildings and Improvements	 1,366,816.17	 83,697.68		 1,450,513.85
Machinery and Equipment	<u>259,865.01</u>	<u>-</u>	<u>-</u>	<u>259,865.01</u>
Totals at historical cost	<u>1,626,681.18</u>	<u>83,697.68</u>	<u>-</u>	<u>1,710,378.86</u>
 Less accumulated depreciation for:				
Buildings and Improvements	(476,765.86)	(23,804.71)		(500,570.57)
Machinery and Equipment	<u>(242,903.70)</u>	<u>(19,043.31)</u>	<u>-</u>	<u>(261,947.01)</u>
Total accumulated depreciation	<u>(719,669.56)</u>	<u>(42,848.02) (1)</u>	<u>-</u>	<u>(762,517.58)</u>
Net capital assets being depreciated	<u>907,011.62</u>	<u>40,849.66</u>	<u>-</u>	<u>947,861.28</u>
 Governmental activities capital assets, net	 <u>\$ 957,011.62</u>	 <u>\$ 40,849.66</u>	 <u>\$ -</u>	 <u>\$ 997,861.28</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 25,638.79
Special Education	2,725.23
Other Instruction (Athletic)	250.00
School Administrative Services	476.09
General and Business Administrative Services	3,389.52
Plant Operations and Maintenance	1,380.49
Pupil Transportation	<u>8,987.90</u>
	<u>\$ 42,848.02</u>

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has no operating leases.

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other liabilities:					
Compensated absences	\$ 72,324.65	\$ 9,238.63	\$ (12,213.00)	\$ 69,350.28	\$ -
Total other liabilities	<u>72,324.65</u>	<u>9,238.63</u>	<u>(12,213.00) (1)</u>	<u>69,350.28</u>	<u>-</u>
Governmental activities					
long - term liabilities	<u>\$ 72,324.65</u>	<u>\$ 9,238.63</u>	<u>\$ (12,213.00)</u>	<u>\$ 69,350.28</u>	<u>\$ -</u>

(1) Paid by general fund

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

There were no Serial Bonds outstanding as of June 30, 2012.

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2012.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2012.

4. Capital Leases Payable

There were no Capital Leases Payable as of June 30, 2012.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note V: Detailed Disclosure Regarding Fund Equity

A. Capital Reserve Account

A capital reserve account was established by the Sandyston-Walpack Consolidated School District Board of Education by inclusion of \$1.00 on October 4, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

A summary of the account's transactions is as follows:

2000-2001 Budget (described above)	\$ 1.00
2003-2004 Tax Levy	100,000.00
2003-2004 Resolution (Unreserved Fund Balance)	125,650.00
2003-2004 Interest Income	2,509.20
2003-2004 Transfer to Capital Projects	(277,400.00)
2004-2005 Interest Income	15.20
2004-2005 Transfer to Capital Projects	(107.17)
2005-2006 Fund Balance	135,338.00
2005-2006 Interest Income	2,051.32
2006-2007 Fund Balance	101,308.00
2006-2007 Interest Income	12,013.28
2007-2008 Interest Income	6,284.47
2008-2009 Interest Income	3,864.95
2009-2010 Interest Income	905.46
2009-2010 Withdrawal	(108,525.00)
2010-2011 Fund Balance	125,000.00
2010-2011 Interest Income	731.39
2011-2012 Interest Income	737.50
2011-2012 Withdrawal	<u>(83,313.68)</u>
Balance June 30, 2012	<u>\$ 197,063.92</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$1,005,000.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS prosecutors Part active member rates increase from 8.5 percent to 10 percent; SPRS active member rates increase from 7.5 percent to 9 percent; and JRS active member rates increase from 3 percent to 12 percent phased-in over seven years. For Fiscal Year 2012, the member contributions for TPAF, PERS and JRS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Contribution – Actual

The District's total payroll for the year ended June 30, 2012 was \$1,592,723.14 and covered payroll was \$1,075,483.00 for TPAF and \$283,729.00 for PERS. Contributions to the TPAF and the PERS for the years ended June 30, 2010, 2011, and 2012 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/10	\$69,277.84	5.86%	\$16,530.33	5.69%
	6/30/11	64,573.77	5.85%	15,269.03	5.54%
	6/30/12	69,261.77	6.44%	17,875.33	6.30%
Board of Education	6/30/10	N/A	N/A	20,764.00	7.15%
	6/30/11	N/A	N/A	32,201.20	11.67%
	6/30/12	N/A	N/A	32,462.00	11.44%
State of New Jersey	6/30/10	85,569.00	7.24%	N/A	N/A
	6/30/11	82,199.00	7.45%	N/A	N/A
	6/30/12	116,876.00	10.86%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$82,281.32 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Note VII: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the state contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note VII: Health Benefit and Post-Retirement Medical Benefits (Continued)

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

Note VIII: Risk Management

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ -0-	\$ 4,889.02	\$ 5,890.28	\$ 22,324.88
2010-2011	1,036.00	4,669.83	4,209.45	26,162.37
2009-2010	-0-	2,267.13	15,237.03	24,526.29

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the North Jersey Preferred Pool 2C (the “Pool”). The Pool is an insured group of school districts established for the purpose of providing certain low-cost workers’ compensation, automobile and various liabilities insurance coverage for member school districts in order to keep local property taxes at a minimum.

The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Note IX: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after 10 years of service.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART II**

**Section C**  
**BUDGETARY COMPARISON SCHEDULES**

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>						
<b>Local Sources:</b>						
Local Tax Levy		\$ 1,885,886.00	\$ -	\$ 1,885,886.00	\$ 1,885,886.00	\$ -
Interest Earned on Investments		15,000.00	-	15,000.00	1,993.99	(13,006.01)
Interest Earned on Capital Reserve Funds		1,000.00	-	1,000.00	737.50	(262.50)
Miscellaneous		-	-	-	1,851.85	1,851.85
<b>Total - Local Sources</b>		<b>1,901,886.00</b>	<b>-</b>	<b>1,901,886.00</b>	<b>1,890,469.34</b>	<b>(11,416.66)</b>
<b>State Sources:</b>						
Equalization Aid		457,295.00	26,938.05	484,233.05	485,410.00	1,176.95
Categorical Special Education Aid		80,780.00	-	80,780.00	80,780.00	-
Nonpublic Transportation Aid		-	-	-	348.00	348.00
TPAF Pension (On-Behalf - Non-Budgeted)		-	-	-	116,876.00	116,876.00
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	82,281.32	82,281.32
<b>Total State Sources</b>		<b>538,075.00</b>	<b>26,938.05</b>	<b>565,013.05</b>	<b>765,695.32</b>	<b>200,682.27</b>
<b>Federal Sources:</b>						
Impact Aid		-	-	-	285,915.00	285,915.00
American Recovery and Reinvestment Act:						
Education Jobs Fund		21,554.00	675.00	22,229.00	22,229.00	-
<b>Total - Federal Sources</b>		<b>21,554.00</b>	<b>675.00</b>	<b>22,229.00</b>	<b>308,144.00</b>	<b>285,915.00</b>
<b>Total Revenues</b>		<b>2,461,515.00</b>	<b>27,613.05</b>	<b>2,489,128.05</b>	<b>2,964,308.66</b>	<b>475,180.61</b>
<b>EXPENDITURES:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction</b>						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 80,236.00	\$ -	\$ 80,236.00	\$ 80,236.00	\$ -
Grades 1-5 - Salaries of Teachers	120-100-101	502,057.00	9,921.30	511,978.30	511,978.30	-
Grades 6-8 - Salaries of Teachers	130-100-101	91,755.00	(2,252.14)	89,502.86	89,490.45	12.41
<b>Regular Programs - Undistributed Instruction</b>						
Other Salaries for Instruction	190-100-106	25,061.00	-	25,061.00	20,884.10	4,176.90
Purchased Professional-Educational Services	190-100-320	3,100.00	49.28	3,149.28	3,149.28	-
Purchased Technical Services	190-100-340	1,500.00	-	1,500.00	557.50	942.50
Other Purchased Services (400-500 series)	190-100-500	8,550.00	(838.20)	7,711.80	6,584.70	1,147.10
General Supplies	190-100-610	42,256.00	(8,738.64)	33,517.36	30,780.11	2,737.25
Textbooks	190-100-640	1,000.00	15,366.98	16,366.98	15,558.93	808.05
Other Objects	190-100-800	-	60.00	60.00	60.00	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>		<b>755,515.00</b>	<b>13,568.58</b>	<b>769,083.58</b>	<b>759,239.37</b>	<b>9,844.21</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>						
<b>Learning and/or Language Disabilities:</b>						
Salaries of Teachers	204-100-101	59,576.00	-	59,576.00	59,576.00	-
Other Salaries for Instruction	204-100-106	17,208.00	(3,792.50)	13,415.50	13,413.50	2.00
<b>Total Learning and/or Language Disabilities</b>		<b>76,784.00</b>	<b>(3,792.50)</b>	<b>72,991.50</b>	<b>72,989.50</b>	<b>2.00</b>
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	213-100-101	167,238.00	9,602.08	176,840.08	170,892.33	5,947.75
General Supplies	213-100-610	2,000.00	-	2,000.00	2,000.00	-
<b>Total Resource Room/Resource Center</b>		<b>169,238.00</b>	<b>9,602.08</b>	<b>178,840.08</b>	<b>172,892.33</b>	<b>5,947.75</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>		<b>246,022.00</b>	<b>5,809.58</b>	<b>251,831.58</b>	<b>245,881.83</b>	<b>5,949.75</b>
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	230-100-101	197,558.00	(10,123.00)	187,435.00	156,109.17	31,325.83
General Supplies	230-100-610	1,500.00	-	1,500.00	994.54	505.46
<b>Total Basic Skills/Remedial - Instruction</b>		<b>199,058.00</b>	<b>(10,123.00)</b>	<b>188,935.00</b>	<b>157,103.71</b>	<b>31,831.29</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>						
Other Objects	401-100-800	2,800.00	(135.00)	2,665.00	1,414.50	1,250.50
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>		<b>2,800.00</b>	<b>(135.00)</b>	<b>2,665.00</b>	<b>1,414.50</b>	<b>1,250.50</b>
<b>School-Spon. Athletics - Instruction</b>						
Salaries	402-100-100	-	135.00	135.00	135.00	-
<b>Total School-Spon. Athletics - Instruction</b>		<b>-</b>	<b>135.00</b>	<b>135.00</b>	<b>135.00</b>	<b>-</b>
<b>Other Instructional Programs - Instruction</b>						
Salaries of Teachers	421-100-101	1,920.00	-	1,920.00	1,800.00	120.00
Other Salaries of Instruction	421-100-106	600.00	-	600.00	418.00	182.00
Salaries of Teacher Tutors	421-100-178	9,400.00	(0.10)	9,399.90	-	9,399.90
Purchased Professional and Technical Services	421-100-300	1,280.00	-	1,280.00	1,120.00	160.00
<b>Total Other Instructional Programs - Instruction</b>		<b>13,200.00</b>	<b>(0.10)</b>	<b>13,199.90</b>	<b>3,338.00</b>	<b>9,861.90</b>
<b>Total Instruction</b>		<b>1,216,595.00</b>	<b>9,255.06</b>	<b>1,225,850.06</b>	<b>1,167,112.41</b>	<b>58,737.65</b>
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Other LEAs Within the State - Special	000-100-582	17,677.00	7,961.08	25,638.08	25,638.08	-
Tuition to Private Schools for the Disabled - Within State	000-100-566	-	1,176.60	1,176.60	1,176.60	-
Tuition - Other	000-100-569	1,000.00	73.00	1,073.00	1,073.00	-
<b>Total Undistributed Expenditures - Instruction:</b>		<b>18,677.00</b>	<b>9,210.68</b>	<b>27,887.68</b>	<b>27,887.68</b>	<b>-</b>
<b>Undist. Expend. - Health Services</b>						
Salaries	000-213-100	70,746.00	520.00	71,266.00	71,266.00	-
Purchased Professional and Technical Services	000-213-300	1,300.00	234.00	1,534.00	1,534.00	-
Supplies and Materials	000-213-600	800.00	147.10	947.10	947.10	-
Other Objects	000-213-800	-	85.00	85.00	85.00	-
<b>Total Undistributed Expenditures - Health Services</b>		<b>72,846.00</b>	<b>986.10</b>	<b>73,832.10</b>	<b>73,832.10</b>	<b>-</b>

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT & Related Services						
Purchased Professional - Educational Services	000-216-320	\$ 111,980.00	\$ (7,015.80)	\$ 104,964.20	\$ 74,035.68	\$ 30,928.52
Supplies and Materials	000-216-600	500.00	633.37	1,133.37	902.67	230.70
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Services</b>		<b>112,480.00</b>	<b>(6,382.43)</b>	<b>106,097.57</b>	<b>74,938.35</b>	<b>31,159.22</b>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	62,758.00	3,893.00	66,651.00	64,723.72	1,927.28
Purchased Professional - Educational Services	000-217-320	-	3,375.00	3,375.00	3,125.00	250.00
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>		<b>62,758.00</b>	<b>7,268.00</b>	<b>70,026.00</b>	<b>67,848.72</b>	<b>2,177.28</b>
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	000-218-104	4,065.00	-	4,065.00	-	4,065.00
<b>Total Undist. Expend. - Guidance</b>		<b>4,065.00</b>	<b>-</b>	<b>4,065.00</b>	<b>-</b>	<b>4,065.00</b>
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	000-219-104	20,174.00	(19,388.57)	785.43	785.43	-
Salaries of Secretarial and Clerical Assistants	000-219-105	18,359.00	1,815.00	20,174.00	20,174.00	-
Purchased Professional - Educational Services	000-219-320	45,460.00	34,798.71	80,258.71	73,776.80	6,481.91
Other Purchased Prof. and Tech. Services	000-219-390	4,000.00	1,175.00	5,175.00	2,700.00	2,475.00
Supplies and Materials	000-219-600	-	108.00	108.00	108.00	-
Other Objects	000-219-800	-	100.00	100.00	100.00	-
<b>Total Undist. Expend. - Child Study Team</b>		<b>87,993.00</b>	<b>18,608.14</b>	<b>106,601.14</b>	<b>97,844.23</b>	<b>8,956.91</b>
Undist. Expend. - Improvement of Inst. Serv.						
Purchased Prof. Educational Services	000-221-320	3,000.00	-	3,000.00	1,477.06	1,522.94
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>		<b>3,000.00</b>	<b>-</b>	<b>3,000.00</b>	<b>1,477.06</b>	<b>1,522.94</b>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	10,840.00	-	10,840.00	10,551.07	288.93
Purchased Professional and Technical Services	000-222-300	-	414.25	414.25	414.25	-
Supplies and Materials	000-222-600	6,400.00	382.61	6,782.61	3,940.08	2,842.53
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>		<b>17,240.00</b>	<b>796.86</b>	<b>18,036.86</b>	<b>14,905.40</b>	<b>3,131.46</b>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	2,000.00	-	2,000.00	384.30	1,615.70
Other Purchased Services (400-500 series)	000-223-500	400.00	-	400.00	288.26	111.74
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>		<b>2,400.00</b>	<b>-</b>	<b>2,400.00</b>	<b>672.56</b>	<b>1,727.44</b>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	88,974.00	(4,763.72)	84,210.28	83,727.45	482.83
Legal Services	000-230-331	500.00	8,055.54	8,555.54	8,555.54	-
Audit Fees	000-230-332	8,700.00	150.00	8,850.00	8,850.00	-
Other Purchased Professional Services	000-230-339	2,200.00	(2,042.30)	157.70	-	157.70
Purchased Technical Services	000-230-340	1,600.00	5,744.00	7,344.00	7,344.00	-
Communications/Telephone	000-230-530	2,000.00	(21.68)	1,978.32	1,820.52	157.80
Other Purchased Services (400-500 series)	000-230-590	-	2,285.70	2,285.70	2,285.70	-
General Supplies	000-230-610	2,700.00	(128.32)	2,571.68	2,571.68	-
Miscellaneous Expenditures	000-230-890	2,700.00	(1,979.10)	720.90	628.00	92.90
BOE Membership Dues and Fees	000-230-895	4,400.00	(47.02)	4,352.98	4,192.95	160.03
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>		<b>113,774.00</b>	<b>7,253.10</b>	<b>121,027.10</b>	<b>119,975.84</b>	<b>1,051.26</b>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	57,500.00	(2,000.00)	55,500.00	54,068.36	1,431.64
Salaries of Other Professional Staff	000-240-104	2,858.00	-	2,858.00	2,858.00	-
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<b>60,358.00</b>	<b>(2,000.00)</b>	<b>58,358.00</b>	<b>56,926.36</b>	<b>1,431.64</b>
Undist. Expend. - Central Services						
Salaries	000-251-100	62,167.00	0.01	62,167.01	62,167.01	-
Purchased Professional Services	000-251-330	3,190.00	-	3,190.00	3,190.00	-
Purchased Technical Services	000-251-340	3,200.00	(204.79)	2,995.21	2,164.57	830.64
<b>Total Undist. Expend. - Central Services</b>		<b>68,557.00</b>	<b>(204.78)</b>	<b>68,352.22</b>	<b>67,521.58</b>	<b>830.64</b>
Undist. Expend. - Allowable Maint. For School Facilities						
Salaries	000-261-100	24,581.00	-	24,581.00	24,578.35	2.65
Cleaning, Repair and Maintenance Services	000-261-420	16,968.00	4,410.85	21,378.85	21,378.85	-
General Supplies	000-261-610	15,500.00	(4,410.85)	11,089.15	8,880.55	2,208.60
Other Objects	000-261-800	975.00	-	975.00	801.00	174.00
<b>Total Undist. Expend. - Allowable Maint. For School Facilities</b>		<b>58,024.00</b>	<b>(0.00)</b>	<b>58,024.00</b>	<b>55,638.75</b>	<b>2,385.25</b>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	56,581.00	-	56,581.00	52,372.77	4,208.23
Purchased Professional and Technical Services	000-262-300	5,335.00	-	5,335.00	5,225.60	1,109.40
Cleaning, Repair and Maintenance Services	000-262-420	9,597.00	3,784.62	13,381.62	12,665.12	716.50
Insurance	000-262-520	21,450.00	(5,120.00)	16,330.00	11,851.00	4,479.00
General Supplies	000-262-610	20,700.00	(650.00)	20,050.00	10,428.01	9,621.99
Energy (Electricity)	000-262-622	27,000.00	(1,134.62)	25,865.38	20,231.16	5,634.22
Energy (Oil)	000-262-624	40,000.00	(2,000.00)	38,000.00	24,771.25	13,228.75
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>		<b>180,663.00</b>	<b>(5,120.00)</b>	<b>175,543.00</b>	<b>137,542.91</b>	<b>37,990.09</b>
Undist. Expend. - Care and Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	8,500.00	(829.32)	7,670.68	3,007.50	4,663.18
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>		<b>8,500.00</b>	<b>(829.32)</b>	<b>7,670.68</b>	<b>3,007.50</b>	<b>4,663.18</b>
Undist. Expend. - Student Transportation Serv.						
Salaries of Non-Instructional Aides	000-270-107	400.00	122.50	522.50	522.50	-
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	11,231.00	-	11,231.00	11,231.00	-
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	1,720.00	980.00	2,700.00	2,700.00	-
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	3,000.00	(360.00)	2,640.00	2,280.00	360.00
Other Purchased Professional and Technical Services	000-270-390	4,500.00	614.69	5,114.69	5,114.69	-
Cleaning, Repair and Maintenance Services	000-270-420	5,000.00	312.40	5,312.40	5,312.40	-
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	000-270-503	1,768.00	633.19	2,401.19	2,376.84	24.35
Contracted Services (Between Home and School) - Vendors	000-270-511	86,562.00	2,630.27	89,192.27	89,192.27	-
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	500.00	849.00	1,349.00	1,349.00	-
Contracted Services (Special Education Students) - Vendors	000-270-514	19,191.00	1,092.48	20,283.48	20,077.10	206.38
Miscellaneous Purchased Services - Transportation	000-270-593	1,280.00	(434.50)	845.50	845.50	-
Supplies and Materials	000-270-600	9,000.00	(274.54)	8,725.46	8,725.46	-
Miscellaneous Expenditures	000-270-890	75.00	52.00	127.00	127.00	-
<b>Total Undist. Expend. - Student Transportation Serv.</b>		<b>144,227.00</b>	<b>6,217.49</b>	<b>150,444.49</b>	<b>149,008.26</b>	<b>1,436.23</b>

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2012

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>ALLOCATED BENEFITS</b>						
Health Benefits:						
Regular Programs - Instruction	100-100-270	\$ 151,594.00	\$ 4,129.81	\$ 155,723.81	\$ 155,723.81	\$ -
Resource Room/Resource Center	213-100-270	106,507.00	(5,138.74)	101,368.26	83,143.04	18,225.22
Health Services	000-213-270	19,992.00	570.19	20,562.19	19,946.94	615.25
Child Study team	000-219-270	7,023.00	49.29	7,072.29	7,072.29	-
General Administration	000-230-270	10,534.00	5,930.71	16,464.71	15,499.77	964.94
Central Services	000-251-270	7,284.00	204.78	7,488.78	7,429.22	59.56
Operation and Maintenance of Plant	000-260-270	16,699.00	90.68	16,789.68	16,789.68	-
<b>TOTAL ALLOCATED BENEFITS</b>		<b>319,633.00</b>	<b>5,836.72</b>	<b>325,469.72</b>	<b>305,604.75</b>	<b>19,864.97</b>
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	000-291-220	37,000.00	(151.48)	36,848.52	36,026.54	821.98
Other Retirement Contributions - PERS	000-291-241	35,000.00	-	35,000.00	33,855.34	1,144.66
Other Retirement Contributions - Regular	000-291-249	1,450.00	-	1,450.00	697.76	752.24
Unemployment Compensation	000-291-250	2,000.00	1,890.28	3,890.28	-	3,890.28
Workmen's Compensation	000-291-260	17,550.00	5,120.00	22,670.00	22,670.00	-
Tuition Reimbursement	000-291-280	5,400.00	(3,211.38)	2,188.62	1,359.00	829.62
Other Employee Benefits	000-291-290	12,195.00	18.00	12,213.00	12,213.00	-
<b>TOTAL UNALLOCATED BENEFITS</b>		<b>110,595.00</b>	<b>3,665.42</b>	<b>114,260.42</b>	<b>106,621.64</b>	<b>7,638.78</b>
On-behalf TPAF Pension Contributions (non-budgeted)		-	-	-	116,876.00	(116,876.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	82,281.32	(82,281.32)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>199,157.32</b>	<b>(199,157.32)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>		<b>430,228.00</b>	<b>9,502.14</b>	<b>439,730.14</b>	<b>611,383.71</b>	<b>(171,653.57)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>		<b>1,445,790.00</b>	<b>45,305.98</b>	<b>1,491,095.98</b>	<b>1,560,211.01</b>	<b>(69,224.43)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>		<b>2,662,385.00</b>	<b>54,561.04</b>	<b>2,716,946.04</b>	<b>2,727,323.42</b>	<b>(10,377.38)</b>
<b>CAPITAL OUTLAY</b>						
Equipment						
Undistributed Expenditures - Non-Instructional Services	000-300-730	-	4,033.40	4,033.40	-	4,033.40
<b>Total Equipment</b>		<b>-</b>	<b>4,033.40</b>	<b>4,033.40</b>	<b>-</b>	<b>4,033.40</b>
Facilities Acquisition and Construction Services						
Architectural/Engineering Services	000-400-334	3,500.00	1,614.00	5,114.00	5,114.00	-
Construction Services	000-400-450	85,000.00	11,114.00	96,114.00	78,583.68	17,530.32
Other Objects	000-400-800	1,230.00	-	1,230.00	-	1,230.00
<b>Total Facilities Acquisition and Construction Services</b>		<b>89,730.00</b>	<b>12,728.00</b>	<b>102,458.00</b>	<b>84,927.68</b>	<b>17,530.32</b>
<b>TOTAL CAPITAL OUTLAY</b>		<b>89,730.00</b>	<b>16,761.40</b>	<b>106,491.40</b>	<b>84,927.68</b>	<b>21,563.72</b>
<b>TOTAL EXPENDITURES</b>		<b>2,752,115.00</b>	<b>71,322.44</b>	<b>2,823,437.44</b>	<b>2,812,251.10</b>	<b>11,186.34</b>
<b>Excess (Deficiency) of Revenues</b>						
Over (Under) Expenditures		(290,600.00)	(43,709.39)	(334,309.39)	152,057.56	486,366.95
<b>Other Financing Sources (Uses):</b>						
Operating Transfer Out:						
Transfer to Food Service Fund		(7,940.00)	-	(7,940.00)	(7,248.50)	691.50
<b>Total Other Financing Sources (Uses)</b>		<b>(7,940.00)</b>	<b>-</b>	<b>(7,940.00)</b>	<b>(7,248.50)</b>	<b>691.50</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>						
Over (Under) Expenditures and Other Financing Sources (Uses)		(298,540.00)	(43,709.39)	(342,249.39)	144,809.06	487,058.45
<b>Fund Balance, July 1</b>		<b>1,051,448.10</b>	<b>-</b>	<b>1,051,448.10</b>	<b>1,051,448.10</b>	<b>-</b>
<b>Fund Balance, June 30</b>		<b>\$ 752,908.10</b>	<b>\$ (43,709.39)</b>	<b>\$ 709,198.71</b>	<b>\$ 1,196,257.16</b>	<b>\$ 487,058.45</b>
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>						
Increase in Capital Reserve		\$ 1,000.00	\$ -	\$ 1,000.00	\$ 737.50	\$ (262.50)
Withdrawal from Capital Reserve		(89,730.00)	-	(89,730.00)	(83,313.68)	6,416.32
Adjustment for Prior Year Encumbrances		-	(17,009.48)	(17,009.48)	(17,009.48)	-
Budgeted Fund Balance		(209,810.00)	(26,699.91)	(236,509.91)	244,394.72	480,904.63
<b>Total</b>		<b>\$ (298,540.00)</b>	<b>\$ (43,709.39)</b>	<b>\$ (342,249.39)</b>	<b>\$ 144,809.06</b>	<b>\$ 487,058.45</b>
<b>Analysis of Fund Balance June 30, 2012:</b>						
Restricted Fund Balance:						
Reserve for Excess Surplus				\$	112,619.24	
Capital Reserve Account					197,063.92	
Maintenance Reserve					65,300.00	
Assigned Fund Balance:						
Designated for Subsequent Year's Expenditures					285,011.00	
Unassigned Fund Balance					536,263.00	
				\$	1,196,257.16	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>						
Fund Balance June 30, 2012				\$	1,196,257.16	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis					(58,496.00)	
				\$	1,139,761.16	

BOARD OF EDUCATION  
 SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
 Education Jobs Fund Program - Budget and Actual  
 General Fund  
 Fiscal Year Ended June 30, 2012

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>						
Federal Sources:						
American Recovery and Reinvestment Act: Education Jobs Fund		\$ 21,554.00	\$ 675.00	\$ 22,229.00	\$ 22,229.00	\$ -
Total - Federal Sources		21,554.00	675.00	22,229.00	22,229.00	-
<b>TOTAL REVENUES</b>		<u>21,554.00</u>	<u>675.00</u>	<u>22,229.00</u>	<u>22,229.00</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Current Expense:						
<b>SPECIAL EDUCATION - INSTRUCTION</b>						
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	213-100-101	20,022.29	627.04	20,649.33	20,649.33	-
Total Resource Room/Resource Center		20,022.29	627.04	20,649.33	20,649.33	-
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>		<u>20,022.29</u>	<u>627.04</u>	<u>20,649.33</u>	<u>20,649.33</u>	<u>-</u>
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	000-291-220	1,531.71	47.96	1,579.67	1,579.67	-
<b>TOTAL UNALLOCATED BENEFITS</b>		<u>1,531.71</u>	<u>47.96</u>	<u>1,579.67</u>	<u>1,579.67</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>		<u>\$ 1,531.71</u>	<u>\$ 675.00</u>	<u>\$ 22,229.00</u>	<u>\$ 22,229.00</u>	<u>\$ -</u>

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 58,000.00	\$ 5,996.00	\$ 63,996.00	\$ 57,494.80	\$ 6,501.20
<b>Total Revenues</b>	<u>\$ 58,000.00</u>	<u>\$ 5,996.00</u>	<u>\$ 63,996.00</u>	<u>\$ 57,494.80</u>	<u>\$ 6,501.20</u>
<b>EXPENDITURES:</b>					
Instruction					
Personal Services - Salaries	\$ 58,000.00	\$ (37,841.05)	\$ 20,158.95	\$ 18,981.00	\$ 1,177.95
<b>Total Instruction</b>	<u>58,000.00</u>	<u>(37,841.05)</u>	<u>20,158.95</u>	<u>18,981.00</u>	<u>1,177.95</u>
<b>Support Services</b>					
Personal Services - Employee Benefits		1,452.05	1,452.05	1,452.05	-
Purchased Professional - Educational Services		41,243.00	41,243.00	35,919.75	5,323.25
Other Purchased Services (400-500 series)		1,142.00	1,142.00	1,142.00	-
<b>Total Support Services</b>	<u>-</u>	<u>43,837.05</u>	<u>43,837.05</u>	<u>38,513.80</u>	<u>5,323.25</u>
<b>Total Expenditures</b>	<u>58,000.00</u>	<u>5,996.00</u>	<u>63,996.00</u>	<u>57,494.80</u>	<u>6,501.20</u>
<b>Total Outflows</b>	<u>\$ 58,000.00</u>	<u>\$ 5,996.00</u>	<u>\$ 63,996.00</u>	<u>\$ 57,494.80</u>	<u>\$ 6,501.20</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2012

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1&C-2]	2,964,308.66	\$ 57,494.80
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		(5,706.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,958,602.66</u>	<u>\$ 57,494.80</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 2,812,251.10	\$ 57,494.80
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 2,812,251.10</u>	<u>\$ 57,494.80</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**Section D**  
**SCHOOL LEVEL SCHEDULES**

**Section E**  
**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2012**

		<u>Total</u>	<u>Federal Aid</u>
<b>REVENUES</b>			
Federal Sources		\$ 57,494.80	\$ 57,494.80
<b>Total Revenues</b>		<u>\$ 57,494.80</u>	<u>\$ 57,494.80</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Personal Services - Salaries	100-100	\$ 18,981.00	\$ 18,981.00
<b>Total Instruction</b>		<u>18,981.00</u>	<u>18,981.00</u>
<b>Support Services:</b>			
Personal Services - Employee Benefits	200-200	1,452.05	1,452.05
Purchased Professional - Educational Services	200-320	35,919.75	35,919.75
Other Purchased Services (400-500 series)	200-500	<u>1,142.00</u>	<u>1,142.00</u>
<b>Total Support Services</b>		<u>38,513.80</u>	<u>38,513.80</u>
<b>Total Expenditures</b>		<u>\$ 57,494.80</u>	<u>\$ 57,494.80</u>

BOARD OF EDUCATION  
 SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
 Special Revenue Fund  
 Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2012

		I.D.E.A. Part B			
		<u>Total</u>	<u>Basic</u>	<u>Preschool</u>	<u>R.E.A.P.</u>
REVENUES					
Federal Sources		<u>\$ 57,494.80</u>	<u>\$ 35,919.75</u>	<u>\$ 1,142.00</u>	<u>\$ 20,433.05</u>
Total Federal Revenues		<u>\$ 57,494.80</u>	<u>\$ 35,919.75</u>	<u>\$ 1,142.00</u>	<u>\$ 20,433.05</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	100-100	<u>\$ 18,981.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,981.00</u>
Total Instruction		<u>18,981.00</u>			<u>18,981.00</u>
Support Services:					
Personal Services - Employee Benefits	200-200	1,452.05			1,452.05
Purchased Professional - Educational Services	200-320	35,919.75	35,919.75		-
Other Purchased Services (400-500 series)	200-500	<u>1,142.00</u>	<u>-</u>	<u>1,142.00</u>	<u>-</u>
Total Support Services		<u>38,513.80</u>	<u>35,919.75</u>	<u>1,142.00</u>	<u>1,452.05</u>
Total Expenditures		<u>\$ 57,494.80</u>	<u>\$ 35,919.75</u>	<u>\$ 1,142.00</u>	<u>\$ 20,433.05</u>

**Section F**  
**CAPITAL PROJECTS FUND**

**Section G**  
**PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

## **INTERNAL SERVICE FUND**

**Section H**  
**FIDUCIARY FUND**

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Payroll Deductions and Withholdings	\$ 38,771.11	\$ 720,442.67	\$ 732,027.57	\$ 27,186.21
Net Salaries and Wages		1,024,516.07	1,024,516.07	-
Interfund Accounts Payable	<u>-</u>	<u>5,097.83</u>	<u>2,208.81</u>	<u>2,889.02</u>
	<u>\$ 38,771.11</u>	<u>\$ 1,750,056.57</u>	<u>\$ 1,758,752.45</u>	<u>\$ 30,075.23</u>

**Section I**  
**LONG – TERM DEBT**

## **STATISTICAL SECTION (UNAUDITED)**

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

Net Assets by Component  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 997,861.28	\$ 957,011.62	\$ 996,965.69	\$ 929,590.36	\$ 967,499.53	\$ 896,678.30	\$ 780,727.17	\$ 679,555.58	\$ 310,404.98
Restricted	374,983.16	296,649.58	157,779.33	267,700.25	259,918.70	272,648.05	343,954.27	492,493.77	761,803.68
Unrestricted	695,427.72	631,683.87	505,933.10	529,978.43	641,869.77	785,174.94	832,116.81	599,331.74	614,535.10
<b>Total governmental activities net assets</b>	<b>\$ 2,068,272.16</b>	<b>\$ 1,885,345.07</b>	<b>\$ 1,660,678.12</b>	<b>\$ 1,727,269.04</b>	<b>\$ 1,869,288.00</b>	<b>\$ 1,954,501.29</b>	<b>\$ 1,956,798.25</b>	<b>\$ 1,771,381.09</b>	<b>\$ 1,686,743.76</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	9,759.01	8,275.26	6,789.56	5,205.27	5,871.64	5,896.07	6,013.79	4,985.38	4,434.66
Unrestricted	\$ 9,759.01	\$ 8,275.26	\$ 6,789.56	\$ 5,205.27	\$ 5,871.64	\$ 5,896.07	\$ 6,013.79	\$ 4,985.38	\$ 4,434.66
<b>Total business-type activities net assets</b>	<b>\$ 9,759.01</b>	<b>\$ 8,275.26</b>	<b>\$ 6,789.56</b>	<b>\$ 5,205.27</b>	<b>\$ 5,871.64</b>	<b>\$ 5,896.07</b>	<b>\$ 6,013.79</b>	<b>\$ 4,985.38</b>	<b>\$ 4,434.66</b>
<b>District-wide</b>									
Invested in capital assets, net of related debt	\$ 997,861.28	\$ 957,011.62	\$ 996,965.69	\$ 929,590.36	\$ 967,499.53	\$ 896,678.30	\$ 780,727.17	\$ 679,555.58	\$ 310,404.98
Restricted	374,983.16	296,649.58	157,779.33	267,700.25	259,918.70	272,648.05	343,954.27	492,493.77	761,803.68
Unrestricted	705,186.73	639,959.13	512,722.66	535,183.70	647,741.41	791,071.01	838,130.60	604,317.12	618,969.76
<b>Total district net assets</b>	<b>\$ 2,078,031.17</b>	<b>\$ 1,893,620.33</b>	<b>\$ 1,667,467.68</b>	<b>\$ 1,732,474.31</b>	<b>\$ 1,875,159.64</b>	<b>\$ 1,960,397.36</b>	<b>\$ 1,962,812.04</b>	<b>\$ 1,776,366.47</b>	<b>\$ 1,691,178.42</b>

Source: District records

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>									
Governmental activities									
Instruction									
Regular	\$ 1,066,581.20	\$ 1,090,603.54	\$ 1,291,953.56	\$ 1,349,039.30	\$ 1,432,316.85	\$ 1,419,472.73	\$ 1,278,366.22	\$ 1,241,552.33	\$ 1,145,860.06
Special education	403,426.42	352,274.98	376,226.44	261,376.00	234,511.91	206,794.35	190,446.67	229,436.30	204,080.34
Other instruction	193,029.81	192,914.81	160,833.48	132,267.25	124,683.39	149,528.72	108,174.27	85,317.74	95,311.16
Support Services:									
Tuition	27,887.68	27,954.05	40,263.17	78,321.25	75,902.74	58,900.72	25,805.00	42,187.00	30,256.58
Student and instruction related services	429,684.30	378,652.50	347,610.14	312,929.71	319,281.55	309,148.18	340,330.28	304,175.95	238,865.01
School administrative services	68,439.82	68,308.36	59,883.73	70,907.23	74,642.86	80,432.27	75,643.00	74,581.13	61,583.96
General and business administrative services	244,234.67	227,190.15	226,642.78	222,437.47	234,951.20	230,484.00	210,711.96	206,177.59	236,193.34
Plant operations and maintenance	229,279.27	236,351.98	257,237.30	227,087.87	229,873.99	227,940.87	209,714.70	202,112.96	168,924.09
Pupil transportation	162,128.70	143,478.55	150,291.21	224,686.88	225,282.49	167,008.10	133,328.83	134,032.17	113,071.59
Charter Schools			19,356.00	47,426.00	12,833.00	8,609.00	8,905.00		
Total governmental activities expenses	2,824,691.87	2,718,728.92	2,930,297.81	2,926,482.96	2,964,279.98	2,858,318.94	2,580,825.83	2,519,573.17	2,294,146.13
Business-type activities:									
Food service	16,956.95	16,923.68	19,752.91	23,211.36	21,005.53	20,284.50	19,185.06	17,721.29	16,741.32
Total business-type activities expense	16,956.95	16,923.68	19,752.91	23,211.36	21,005.53	20,284.50	19,185.06	17,721.29	16,741.32
Total district-wide expenses	2,841,648.82	2,736,652.60	2,950,050.72	2,949,694.32	2,985,285.51	2,878,603.44	2,600,010.99	2,537,294.46	2,310,887.45
<b>Program Revenues</b>									
Governmental activities:									
Operating grants and contributions	337,765.02	266,591.31	402,422.28	378,532.33	505,290.14	472,358.84	413,145.46	386,543.70	339,493.04
Total governmental activities program revenues	337,765.02	266,591.31	402,422.28	378,532.33	505,290.14	472,358.84	413,145.46	386,543.70	339,493.04

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business-type activities:									
Charges for services:									
Food service	\$ 9,003.15	\$ 7,799.31	\$ 8,959.70	\$ 10,490.65	\$ 9,146.10	\$ 9,609.94	\$ 11,206.95	\$ 7,407.04	\$ 6,476.45
Operating grants and contributions	2,169.55	3,106.85	4,521.91	2,667.77	2,899.48	2,936.38	1,765.50	3,906.66	4,794.04
Total business-type activities program revenues	11,172.70	10,906.16	13,481.61	13,158.42	12,045.58	12,546.32	12,972.45	11,313.70	11,270.49
Total district-wide program revenues	348,937.72	277,497.47	415,903.89	391,690.75	517,335.72	484,905.16	426,117.91	397,859.40	350,763.53
Net (Expense)/Revenue	(2,486,926.85)	(2,453,137.61)	(2,527,875.53)	(2,547,950.63)	(2,458,989.84)	(2,385,960.10)	(2,167,680.47)	(2,133,029.47)	(1,954,653.09)
Governmental activities	(5,784.25)	(6,017.52)	(6,271.30)	(10,052.94)	(8,959.95)	(7,738.18)	(6,212.61)	(6,405.59)	(5,470.83)
Total district-wide net expense	(2,492,711.10)	(2,459,155.13)	(2,534,146.83)	(2,558,003.57)	(2,467,949.79)	(2,393,698.28)	(2,173,893.08)	(2,139,435.06)	(1,960,123.92)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes, levied for general purposes	1,885,886.00	1,848,908.00	1,731,136.00	1,622,517.00	1,600,533.00	1,497,522.00	1,373,263.00	1,497,522.00	1,485,791.00
Federal and State aid not restricted	787,863.10	830,595.48	707,517.60	760,857.76	750,046.87	858,112.20	958,306.00	698,762.32	826,294.65
Investment earnings	2,731.49	3,814.72	7,542.25	20,065.00	26,879.01	29,263.76	27,605.11	24,312.86	21,567.95
Miscellaneous income	1,851.85	4,067.19	22,892.57	11,750.78	5,072.48	3,199.47	4,038.73	3,906.38	4,116.15
N.J. Economic Development Authority grants	(1,230.00)	(2,115.00)	(7,803.81)	(9,258.87)	(8,754.61)	(7,454.29)	(7,116.21)	(6,866.76)	151,600.00
Debt Service Assessment	(7,248.50)	2,677,804.56	2,461,284.61	2,405,931.67	2,373,776.55	2,380,663.14	2,356,097.63	2,217,666.80	(6,841.62)
Transfers	2,669,853.94								
Total governmental activities	19,49	37.39	51.78	127.70	180.71	166.17	124.81	89.55	48.92
Business-type activities:	7,248.50	7,465.83	7,803.81	9,258.87	8,754.61	7,454.29	7,116.21	6,866.76	6,841.62
Transfers	7,267.99	7,503.22	7,855.59	9,366.57	8,935.52	7,620.46	7,241.02	6,956.31	6,890.54
Total business-type activities	2,677,121.93	2,685,307.78	2,469,140.20	2,415,318.24	2,382,712.07	2,388,283.60	2,363,338.65	2,224,623.11	2,489,418.67
Change in Net Assets									
Governmental activities	182,927.09	224,666.95	(66,590.92)	(142,018.96)	(85,213.29)	(5,296.96)	188,417.16	84,637.33	527,875.04
Business-type activities	1,485.74	1,485.70	1,584.29	(666.37)	(24.43)	(117.72)	1,028.41	550.72	1,419.71
Total district-wide change in net assets	\$ 184,410.83	\$ 226,152.65	\$ (65,006.63)	\$ (142,685.33)	\$ (85,237.72)	\$ (5,414.68)	\$ 189,445.57	\$ 85,188.05	\$ 529,294.75

Source: District records

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Fund Balances - Governmental Funds,  
Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund									
Restricted	\$ 374,983.16	\$ 279,640.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	285,011.00	226,819.48							
Unassigned	479,767.00	494,198.52							
Reserved			157,779.33	267,700.25	259,918.70	272,648.05	343,964.27	492,493.77	382,803.68
Unreserved			576,171.50	607,994.54	714,853.24	850,171.86	898,683.06	664,034.77	683,050.02
Total general fund	<u>\$ 1,139,761.16</u>	<u>\$ 1,000,658.10</u>	<u>\$ 733,950.83</u>	<u>\$ 875,694.79</u>	<u>\$ 974,771.94</u>	<u>\$ 1,122,819.91</u>	<u>\$ 1,242,637.33</u>	<u>\$ 1,156,528.54</u>	<u>\$ 1,065,853.70</u>
All Other Governmental Funds									
Restricted, reported in:									
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund									
Assigned, reported in:									
Capital projects fund									
Reserved									
Unreserved, reported in:									
Capital projects fund									373,321.87
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,321.87</u>
Total Fund Balances	<u>\$ 1,139,761.16</u>	<u>\$ 1,000,658.10</u>	<u>\$ 733,950.83</u>	<u>\$ 875,694.79</u>	<u>\$ 974,771.94</u>	<u>\$ 1,122,819.91</u>	<u>\$ 1,242,637.33</u>	<u>\$ 1,156,528.54</u>	<u>\$ 1,444,853.70</u>

Source: District records

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Changes in Fund Balances - Governmental Funds,  
Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>									
Tax levy	\$ 1,885,886.00	\$ 1,848,908.00	\$ 1,731,136.00	\$ 1,622,517.00	\$ 1,600,533.00	\$ 1,497,522.00	\$ 1,373,263.00	\$ 1,497,522.00	\$ 1,485,791.00
Interest earnings	2,731.49	3,814.72	7,542.25	20,065.00	26,879.01	29,283.76	27,605.11	24,312.86	21,567.95
Miscellaneous	1,851.85	4,067.19	22,892.57	11,750.78	5,072.48	3,199.47	4,039.73	3,936.38	4,116.15
State sources	759,989.32	693,747.16	722,980.33	790,884.65	878,965.96	813,221.37	736,765.50	718,695.75	679,642.72
Federal sources	365,638.80	403,439.63	386,959.55	348,505.44	376,381.05	517,249.67	634,685.96	366,610.27	486,144.97
Total revenues	3,016,097.46	2,953,976.70	2,871,510.70	2,793,722.87	2,887,821.50	2,860,476.27	2,776,359.30	2,611,077.26	2,677,262.79
<b>Expenditures</b>									
Instruction									
Regular instruction	759,239.37	795,076.10	946,903.29	979,156.57	1,003,740.66	1,032,422.34	990,807.13	981,935.38	891,549.20
Special education instruction	264,862.83	220,582.56	250,927.06	179,028.30	169,007.87	147,407.06	144,323.05	175,377.76	160,364.25
Other instruction	161,991.21	161,078.23	135,089.05	114,358.36	101,891.90	107,578.47	82,860.85	66,111.39	74,687.61
Support Services:									
Tuition	27,887.68	27,954.05	40,263.17	78,321.25	75,902.74	58,900.72	25,805.00	42,187.00	30,256.58
Student and instruction related services	368,380.17	327,523.56	307,146.31	271,208.58	262,371.41	256,140.87	286,595.57	264,609.81	211,047.28
School administrative services	56,926.36	57,776.96	55,471.07	60,201.00	57,560.96	57,356.60	57,265.96	57,173.96	49,700.75
General and business administrative services	187,497.42	181,095.97	188,151.57	180,352.38	176,214.06	173,138.73	165,161.40	163,542.16	188,737.39
Plant operations and maintenance	196,189.16	207,962.46	230,398.98	202,309.19	194,770.96	197,297.41	188,359.71	181,869.05	152,261.86
Pupil transportation	149,008.26	132,076.36	139,012.76	211,444.14	212,979.70	162,029.25	129,728.04	130,667.60	110,329.00
Employee benefits	612,835.76	565,342.35	584,206.59	558,663.37	650,062.40	626,435.95	486,089.59	435,966.20	404,715.72
Charter Schools	84,927.68	3,335.00	19,356.00	47,428.00	12,833.00	8,609.00	8,305.00	393,095.35	157,852.60
Capital outlay	2,989,745.90	2,679,803.60	108,525.00	1,070.00	109,779.00	145,523.00	127,833.00	2,892,535.66	2,431,502.24
Total expenditures	146,351.56	274,173.10	(133,940.15)	(89,818.28)	(139,293.16)	(112,363.13)	93,225.00	(281,458.40)	245,760.55
Excess (Deficiency) of revenues over (under) expenditures									

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

Changes in Fund Balances - Governmental Funds,  
Last Nine Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	2012	2011	2010	2009	2008	2007	2006	2005	2004
	(7,248.50)	(7,465.83)	(7,803.81)	(9,258.87)	(8,754.81)	(7,454.29)	(7,116.21)	107.17	151,600.00
	(7,248.50)	(7,465.83)	(7,803.81)	(9,258.87)	(8,754.81)	(7,454.29)	(7,116.21)	(6,973.93)	227,400.00
								(6,866.76)	(234,241.62)
									144,758.38
	\$ 139,103.06	\$ 266,707.27	\$ (141,743.96)	\$ (99,077.15)	\$ (148,047.97)	\$ (119,817.42)	\$ 86,106.79	\$ (286,325.16)	\$ 390,518.93
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Other Financing sources (uses)**  
N.J. Economic Development Authority grants  
Transfers in  
Transfers out  
Total other financing sources (uses)  
Net change in fund balances  
Debt service as a percentage of  
noncapital expenditures

Source: District records

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Prior Year Refunds</u>	<u>Donations</u>	<u>Miscellaneous</u>
2003	\$ 18,742.66	\$ -	\$ 18,107.51	\$ 608.85	\$ -	\$ 26.30
2004	25,684.10		21,567.95			4,116.15
2005	28,249.24		24,312.86			3,936.38
2006	31,644.84		27,605.11			4,039.73
2007	32,483.23		29,283.76			3,199.47
2008	31,951.49		26,879.01			5,072.48
2009	31,815.78		20,065.00			11,750.78
2010	30,434.82		7,542.25			22,892.57
2011	7,881.91		3,814.72			4,067.19
2012	4,583.34		2,731.49			1,851.85

**Source: District records**

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited**

**Sandyton Township**

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,168,154	\$ 145,325,749	1.968
2004			10,328,800						132,093,396	166,310,598	2.025
2005	7,137,200	103,795,400		10,012,300	1,398,000		132,671,700	509,389	133,181,089	194,207,401	2.003
2006	6,435,300	100,669,600	15,706,400	10,003,100	1,398,000		134,212,400	435,724	134,648,124	225,146,954	2.041
2007	16,192,800	200,599,000	30,903,200	19,816,200	2,373,100		269,884,300	670,183	270,554,483	289,635,447	1.076
2008	14,650,800	202,755,300	31,920,800	20,093,100	2,373,100		271,793,100	661,426	272,454,526	304,828,906	1.135
2009	13,944,800	203,957,600	31,699,800	19,986,300	2,373,100		271,961,600	497,013	272,458,613		1.208
2010	12,933,200	205,131,800	32,489,100	20,104,200	2,373,100		273,031,400	634,888	273,666,288	276,815,900	1.260
2011	12,335,500	206,092,100	32,481,600	20,534,700	2,373,100		273,817,000	703,921	274,520,921	274,602,009	1.308
2012	11,035,500	205,931,200	32,592,400	20,456,800	2,373,100		272,389,000	745,124	273,134,124	272,612,986	1.367

Source: Municipal Tax Assessor

**Walpack Township**

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,404,887	\$ 2,657,851	1.196
2004									2,408,949	2,678,962	1.034
2005	85,100	645,250	523,950	1,077,400			2,331,700		2,331,700	2,699,349	0.860
2006	85,100	645,250	523,950	1,077,400			2,331,700	76,566	2,408,266	2,736,761	0.572
2007	85,100	645,250	523,950	1,077,400			2,331,700	66,813	2,398,513	2,805,243	0.371
2008	85,100	645,250	523,950	1,077,400			2,331,700	65,827	2,397,527	2,887,175	0.360
2009	85,100	645,250	523,950	1,077,400			2,331,700	65,386	2,397,086	2,443,618	0.154
2010	85,100	645,250	523,950	1,077,400			2,331,700	60,297	2,391,997	2,897,014	0.000
2011	85,100	645,250	523,950	1,077,400			2,331,700	75,086	2,406,786	3,059,927	0.000
2012	85,100	561,750	468,150	1,226,800			2,341,800	78,403	2,420,203	3,057,657	0.000

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		
	Basic Rate	General Obligation Debt Service		Municipality	County	Total Direct and Overlapping Tax Rate
			Total Direct School Tax Rate			
2003	1.901	0.067	1.968	0.217	0.615	2.800
2004	1.970	0.055	2.025	0.218	0.637	2.880
2005	1.949	0.054	2.003	0.250	0.677	2.930
2006	1.988	0.053	2.041	0.251	0.738	3.030
2007	1.050	0.026	1.076	0.147	0.397	1.620
2008	1.122	0.012	1.135	0.170	0.410	1.715
2009	1.208		1.208	0.191	0.427	1.826
2010	1.260		1.260	0.191	0.410	1.861
2011	1.308		1.308	0.191	0.435	1.934
2012	1.367		1.367	0.196	0.465	2.028

Source: Municipal Tax Collector

**Walpack Township**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		
	Basic Rate	General Obligation Debt Service		Municipality	County	Total Direct and Overlapping Tax Rate
			Total Direct School Tax Rate			
2003	1.044	0.152	1.196		0.589	1.785
2004	0.899	0.135	1.034		0.544	1.578
2005	0.749	0.111	0.860		0.626	1.486
2006	0.461	0.111	0.572		0.460	1.032
2007	0.356	0.111	0.371		0.438	0.790
2008	0.348	0.015	0.360		0.419	0.760
2009	0.143	0.011	0.154		0.400	0.554
2010	-		-		0.451	0.451
2011	-		-		0.578	0.578
2012	-		-		0.580	0.580

Source: Municipal Tax Collector

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Principal Property Taxpayers  
Current Year and Ten Years Ago  
Unaudited

Sandyston Township

Fiscal Year Ended June 30,	2112			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Dingmans Choice & Delaware Bridge \$	1,500,000	1	0.55%			
Stokes Realty LLC	1,336,600	2	0.49%			
YMCA of Newark	1,175,100	3	0.43%			
Naftal, Marvin J. & Frances G TST	1,006,900	4	0.37%			
Individual Taxpayer #1	972,300	5	0.36%			
Individual Taxpayer #2	912,600	6	0.33%			
Individual Taxpayer #3	883,300	7	0.32%			
Individual Taxpayer #4	834,400	8	0.31%			
Individual Taxpayer #5	830,400	9	0.30%			
Kittatinny Lake Club	820,900	10	0.30%			
					Not Available	
Total	\$ 10,272,500		3.76%	\$ -		0.00%

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Principal Property Taxpayers  
Current Year and Ten Years Ago  
Unaudited**

**Walpack Township**

Fiscal Year Ended June 30,	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Walpack Inn	\$ 982,800	1	40.6%			
Kenneth Salazar, LLC	223,400	2	9.2%			
Individual Taxpayer #1	175,300	3	7.2%			
BA Handler	131,600	4	5.4%			
Individual Taxpayer #2	116,300	5	4.8%			
Overlook Rod & Gun	95,400	6	3.9%			
Individual Taxpayer #3	86,300	7	3.6%			
Individual Taxpayer #4	85,400	8	3.5%			
Individual Taxpayer #5	74,000	9	3.1%			
Individual Taxpayer #6	65,900	10	2.7%			
<b>Total</b>	<b>\$ 2,036,400</b>		<b>84.14%</b>	<b>\$ -</b>		<b>0.00%</b>

**Source: Municipal Tax Assessor**

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited**

**Sandyston Township**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 3,508,381	\$ 3,300,906	94.08%	\$ -	\$ 3,300,906	94.08%
2003	3,703,648	3,504,643	94.62%	199,610	3,704,253	100.01%
2004	3,791,312	3,611,100	95.24%	159,448	3,770,548	99.45%
2005	3,956,395	3,781,958	95.59%	169,247	3,951,205	99.86%
2006	4,127,199	3,950,780	95.72%	166,770	4,117,550	99.76%
2007	4,419,230	4,318,495	97.72%	74,107	4,318,495	97.72%
2008	4,681,504	4,507,675	96.28%	135,092	4,642,767	99.17%
2009	4,989,934	4,791,800	96.02%	162,537	4,954,337	99.28%
2010	5,105,239	4,946,070	96.88%	135,073	5,081,142	99.52%
2011	5,314,094	5,153,648	96.98%		5,153,648	96.98%

**Source: Municipal Tax Collector**

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited**

**Walpack Township**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 40,987	\$ 40,905	99.79%	\$ -	\$ 40,905	99.79%
2003	41,845	41,837	99.98%	-	41,837	99.98%
2004	39,989	39,989	100.00%	-	39,989	100.00%
2005	31,789	31,755	99.89%	-	31,755	99.89%
2006	25,688	25,688	100.00%	-	25,688	100.00%
2007	18,727	18,727	100.00%	-	18,727	100.00%
2008	17,372	17,372	100.00%	-	17,372	100.00%
2009	13,182	13,182	100.00%	-	13,182	100.00%
2010	10,853	10,853	100.00%	-	10,853	100.00%
2011	10,855	10,855	100.00%	-	10,855	100.00%

**Source: Municipal Tax Collector**

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	-
2004	-	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	-	0.00%	-
2006	-	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ -	\$ -	\$ -	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2011  
Unaudited**

	Sandyston Township	Walpack Township
Net Direct Debt of School District as of December 31, 2011	\$ -	\$ -
Net Overlapping Debt of School District:		
Municipal (100%)	-	-
Regional School Share	264,027	2,363
County of Sussex Share (1)	<u>1,257,026</u>	<u>11,110</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2011	<u>\$ 1,521,053</u>	<u>\$ 13,473</u>

(1) Sandyston Township - 1.6180%  
Walpack Township - 0.0143%

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited**

**Legal Debt Margin Calculation for Fiscal Year 2012**

	Sandyston Township	Walpack Township	Equalized Valuation Basis
2009	274,210,123	2,443,618	276,653,741
2010	272,323,359	2,443,618	274,766,977
2011	272,536,080	243,618	272,779,698
	<u>\$ 819,069,562</u>	<u>\$ 5,130,854</u>	<u>\$ 824,200,416</u>
Average equalized valuation of taxable property			<u>\$ 274,733,472</u>
Debt limit (2.5% of average equalization value)			<u>\$ 6,868,337</u>
Total Net Debt Applicable to Limit			<u>\$ 6,868,337</u>
Legal debt margin			<u>\$ 6,868,337</u>

	Fiscal Year			
	2008	2009	2010	2011
Debt limit	\$ 6,418,968	\$ 7,100,837	\$ 7,256,377	\$ 7,142,528
Total net debt applicable to limit				\$ 6,868,337
Legal debt margin	\$ 6,418,968	\$ 7,100,837	\$ 7,256,377	\$ 6,868,337
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

	Fiscal Year			
	2003	2004	2005	2006
Debt limit	\$ 3,449,682	\$ 3,726,042	\$ 4,192,877	\$ 4,855,595
Total net debt applicable to limit				\$ 5,630,307
Legal debt margin	\$ 3,449,682	\$ 3,726,042	\$ 4,192,877	\$ 4,855,595
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

**Sandyston Township**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	1,876	\$ 60,474,567	\$ 32,236	4.6%
2004	1,883	62,521,225	33,203	3.5%
2005	1,891	64,670,454	34,199	3.8%
2006	1,900	66,927,594	35,225	4.1%
2007	1,897	68,826,576	36,282	4.0%
2008	1,892	70,704,522	37,370	5.1%
2009	1,890	72,748,675	38,491	8.5%
2010	1,998 (Actual)	78,241,680	39,160 (Actual)	9.0%
2011	1,998 (Est.)	80,588,930	40,335 (Est.)	9.3%
2012	1,998 (Est.)	83,006,598	41,545 (Est.)	9.2%

**Walpack Township**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	41	\$ 1,209,636	\$ 29,503	0.00%
2004	40	1,215,537	30,388	0.00%
2005	40	1,252,003	31,300	0.00%
2006	40	1,289,563	32,239	0.00%
2007	40	1,328,250	33,206	0.00%
2008	39	1,333,895	34,202	0.00%
2009	39	1,373,912	35,229	0.00%
2010	16 (Actual)	583,936	36,496 (Actual)	0.00%
2011	16 (Est.)	601,454	37,591 (Est.)	0.00%
2012	16 (Est.)	619,498	38,719 (Est.)	0.00%

**Sources:**

Population information provided by the NJ Dept of Labor and Workforce Development

Personal income has been estimated based upon the municipal population and per capita personal income presented

Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Principal Employers  
Current Year and Nine Years Ago  
Unaudited**

Employer	2012			2003		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	0		0.00%	0		0.00%
		Not Available			Not Available	

Source: \_\_\_\_\_

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program  
Last Eight Fiscal Years  
Unaudited**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular			16.1	17.7	15	15.5	16.5	15.1	14.75	14.25
Special education			5.6	5.7	5.3	5	6	7.7	7	7.25
Other instruction			1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.4
Support Services:										
Student and instruction related services			1.2	1.2	1.2	1.2	1.2	1.2	1.2	1
School administrative services			1.2	1.2	1.2	1.2	1.2	1	1	1
General and business administrative services			2.1	2.1	2.1	2.1	2.1	2.1	2.1	2
Plant operations and maintenance			2.1	2	2	2	2	2	2.1	2.1
Pupil transportation			0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total	<u>0</u>	<u>0</u>	<u>30.5</u>	<u>32.1</u>	<u>29</u>	<u>29.2</u>	<u>31.1</u>	<u>31.2</u>	<u>30.25</u>	<u>29.4</u>

**Source: District Personnel Records**

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff			Pupil/Teacher Ratio			
					Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change In Average Daily Enrollment	
2003	176.9	2,275,043	12861	26.74%	1:10.8			176.9	169.9	-11.28%	96.04%
2004	178.7	2,266,724	12685	-1.37%	1:10.5			178.7	170.5	1.02%	95.41%
2005	175.5	2,429,599	13844	9.14%	1:9.6			175.5	167.7	-1.79%	95.56%
2006	176.1	2,593,786	14729	6.39%	1:9.6			176.1	169.7	0.34%	96.37%
2007	184.0	2,827,316	15366	4.32%	1:9.2			182.8	174.4	3.80%	95.40%
2008	177.0	2,947,749	16654	8.38%	1:9.2			175.6	166.8	-3.94%	94.99%
2009	162.0	2,882,471	17793	6.84%	1:9			158.7	151.1	-9.62%	95.21%
2010	161.0	2,896,926	17993	1.13%	1:9.1			160.7	151.9	1.26%	94.52%
2011	160.0	2,676,469	16728	-7.03%	1:8.4			148.3	143.3	-3.42%	95.55%
2012	147.0	2,784,818	18944	13.25%	1:7.7			144.3	137.8	-7.02%	95.50%

Source: District records

Note: Enrollment based on annual October district count.

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**School Building Information  
Last Ten Fiscal Years  
Unaudited**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Building</u></b>										
Sandyston - Walpack Elementary (19 )										
Square Feet	24694	24694	24694	24694	24694	24694	24694	24694	24694	24694
Capacity (students)	210	210	210	210	210	210	210	210	210	210
Enrollment	177	179	176	176	184	177	162	161	158	147
Number of Schools at June 30, 2012										
Elementary = 1										
Middle School = 0										
Senior High School = 0										
Other = 0										

**Source: District Facilities Office**

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**General Fund  
Schedule of Required Maintenance for School Facilities  
Last Ten Fiscal Years  
Unaudited**

Undistributed Expenditures--Required  
Maintenance for School Facilities  
11-000-261-XXX

	Pending Projects (WDOE Project #)	Ten Year Total	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sandyston-Walpack Consolidated School	SP202929	\$509,368.45	\$72,248.43	\$ 45,914.67	\$53,717.21	\$ 51,009.99	\$ 41,497.45	\$ 50,399.45	\$ 47,704.52	\$ 50,114.51	\$ 42,908.22	\$ 53,854.00
<b>Total School Facilities</b>		<b>\$509,368.45</b>	<b>\$72,248.43</b>	<b>\$ 45,914.67</b>	<b>\$53,717.21</b>	<b>\$ 51,009.99</b>	<b>\$ 41,497.45</b>	<b>\$ 50,399.45</b>	<b>\$ 47,704.52</b>	<b>\$ 50,114.51</b>	<b>\$ 42,908.22</b>	<b>\$ 53,854.00</b>

\*School facilities as defined under EFCFA.  
(N.J.A.C.6A:26-1.2 and N.J.A.C.6A:26A-1.3)

Source: District records

**BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Insurance Schedule  
As of June 30, 2012  
Unaudited**

Student Accident Insurance

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
Package Policy:		
Blanket Real and Personal Property	\$ 250,000,000	\$ 1,000
General Liability including Automobile and Employee Benefits	5,000,000.00	
Environmental Liability	1,000,000	5,000
General Aggregate	50,000,000	
Fire Damage	2,500,000	
Medical Expenses	10,000	
Boiler & Machinery	100,000,000	1,000
Crime Coverage:	50,000	1,000
Blanket Dishonesty Bond	500,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability	5,000,000	5,000
Employer's Liability	5,000,000	
Workers Compensation Policy	Statutory	
Supplemental Indemnity	Statutory	
Selective Insurance		
Surety Bonds:		
Board Secretary/Business Administrator	25,000	
Treasurer of School Moneys	150,000	
Bollinger Insurance		
Student Accident	100,000	

Source: District's records.

## **Single Audit Section**

*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

K-1  
Sheet 1

*Timothy M. Vrabel, R.M.A., PSA*  
*Chris C. Huang, CPA*

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President  
Members of the Board of Education  
Sandyston-Walpack Consolidated School District  
County of Sussex, New Jersey

We have audited the basic financial statements of the Sandyston-Walpack Consolidated School District as of and for the year ended June 30, 2012, and have issued our report thereon dated August 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of Sandyston-Walpack Consolidated School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sandyston-Walpack Consolidated School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

*170 East Main Street  
P.O. Box 541  
Denville, NJ 07834  
973 625-2920 Fax 973 625 8733  
Email: tmvrabel@optonline.net*

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item #2012-1 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sandyston-Walpack Consolidated School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Sandyston-Walpack Consolidated School District and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

August 24, 2012

*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

K-2  
Sheet 1

*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Huang, CPA*

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President  
Members of the Board of Education  
Sandyston-Walpack Consolidated School District  
County of Sussex, New Jersey

Compliance

We have audited the compliance of the Sandyston-Walpack Consolidated School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2012. Sandyston-Walpack Consolidated School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Sandyston-Walpack Consolidated School District's management. Our responsibility is to express an opinion on Sandyston-Walpack Consolidated School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Sandyston-Walpack Consolidated School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sandyston-Walpack Consolidated School District's compliance with those requirements.

In our opinion, the Board of Education of the Sandyston-Walpack Consolidated School District, in the County of Sussex, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2012.

*100 East Main Street*

*P.O. Box 541*

*Denville, NJ 07834*

*973-625-2920 Fax: 973-625-8733*

*Email: tmvrabel@optonline.net*

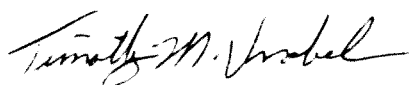
### Internal Control Over Compliance

The management of Sandyston-Walpack Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Sandyston-Walpack Consolidated School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over compliance.

A *deficiency in internal control* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item #2012-1. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the management, the Sandyston-Walpack Consolidated School District, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

August 24, 2012

**BOARD OF EDUCATION**  
**SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances				
U.S. Department of Treasury P.L. 81-874 (Impact)	84.041	7/1/11-6/30/12	\$ 285,915.00	\$ -	\$ -	\$ 285,915.00	\$ 285,915.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Treasury						285,915.00	285,915.00			285,915.00			
U.S. Department of Agriculture Passed - Through State Department of Education													
National School Lunch Program	10.555	7/1/11-6/30/12	2,063.70			2,000.45	2,063.70				(63.25)		
National School Lunch Program	10.555	7/1/10-6/30/11	3,003.74	(621.60)	-	621.60	-	-	-	-	-	-	-
Total U.S. Department of Agriculture				(621.60)		2,622.05	2,063.70			2,063.70	(63.25)		
U.S. Department of Education Passed - Through State Department of Education													
General Funds													
American Recovery and Reinvestment Act													
Education Jobs Fund	84.410A	7/1/11-6/30/12	22,229.00			19,194.20	22,229.00				(3,034.80)		
Total U.S. Department of Education (Fund 10)						19,194.20	22,229.00			22,229.00	(3,034.80)		
Special Revenue Funds													
E.S.E.A. Title I	84.010A	9/1/10-8/31/11	8,299.00	(6,158.98)		6,158.98							
E.S.E.A. Title II A	84.367A	9/1/10-8/31/11	5,613.00	(3,229.00)		3,229.00							
E.S.E.A. Title II A	84.367A	9/1/09-8/31/10	5,715.00	(0.79)		0.79							
I.D.E.A. Part B, Basic	84.027A	9/1/11-8/31/12	36,093.00	(36,597.00)		32,836.00	35,919.75			35,919.75	(3,083.75)		
I.D.E.A. Part B, Preschool	84.027A	9/1/10-8/31/11	36,597.00	(36,597.00)		36,597.00							
I.D.E.A. Part B, Preschool	84.173A	9/1/11-8/31/12	1,142.00			1,142.00	1,142.00			1,142.00			
I.D.E.A. Part B, Preschool	84.173A	9/1/10-8/31/11	1,161.00	(1,161.00)		1,161.00							
ARRA I.D.E.A. Basic	84.391	7/1/09-8/31/11	33,974.00	(6,457.27)		6,457.27							
Rural Education Achievement Program	84.358A	9/1/11-8/31/12	21,611.00	(1,996.25)		17,082.90	20,433.05			20,433.05	(3,350.15)		
Rural Education Achievement Program	84.358A	9/1/10-8/31/11	23,864.00	(55,600.29)		1,996.25					(6,433.90)		
Total U.S. Department of Education (Fund 20)				(55,600.29)		106,661.19	57,494.80			57,494.80	(6,433.90)		
Total Federal Financial Assistance				\$ (56,221.89)	\$ -	\$ 414,392.44	\$ 367,702.50	\$ -	\$ -	\$ 367,702.50	\$ (9,531.95)	\$ -	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION  
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2012

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances					
General Funds:														
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 485,410.00	\$ -	\$ -	\$ 436,974.45	\$ 485,410.00	\$ -	\$ -	\$ 485,410.00	\$ -	\$ (48,435.55)	\$ -	\$ -
Category Special Education Aid	11-495-034-5120-078	7/1/10-6/30/11	429,181.00	(42,744.65)	-	42,744.65	-	-	-	-	-	-	-	-
Category Special Education Aid	12-495-034-5120-011	7/1/11-6/30/12	80,780.00	-	-	72,719.55	80,780.00	-	-	80,780.00	-	(8,060.45)	-	-
Category Special Education Aid	11-495-034-5120-011	7/1/10-6/30/11	80,780.00	(8,045.35)	-	8,045.35	-	-	-	-	-	-	-	-
Non-Public Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	348.00	-	-	-	348.00	-	-	348.00	-	(348.00)	-	-
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	174.00	(174.00)	-	174.00	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	82,281.32	-	-	65,973.00	82,281.32	-	-	82,281.32	-	(16,308.32)	-	-
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	87,163.16	(34,686.12)	-	34,686.12	-	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contributions	12-495-034-5095-001	7/1/11-6/30/12	116,876.00	-	-	116,876.00	116,876.00	-	-	116,876.00	-	-	-	-
Total General Funds				(85,650.12)	-	778,193.12	765,695.32	-	-	765,695.32	-	(73,152.32)	-	-
Special Revenue Funds:														
Character Education	07-100-034-5120-053	7/1/05-6/30/06	4,000.00	1,321.61	-	-	-	-	-	-	1,321.61	-	-	-
Character Education	06-100-034-5120-053	7/1/04-6/30/05	4,000.00	1,560.00	-	-	-	-	-	-	1,560.00	-	-	-
Total Special Revenue Funds				2,881.61	-	-	-	-	-	-	2,881.61	-	-	-
Enterprise Funds:														
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	105.85	-	-	102.92	105.85	-	-	105.85	-	(2.93)	-	-
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	103.11	(21.24)	-	21.24	-	-	-	-	-	-	-	-
State School Lunch Program				(21.24)	-	124.16	105.85	-	-	105.85	-	(2.93)	-	-
Total All Funds				\$ (82,789.75)	\$ -	\$ 778,317.28	\$ 765,801.17	\$ -	\$ -	\$ 765,801.17	\$ 2,881.61	\$ (73,155.25)	\$ -	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Sandyston-Walpack Consolidated School District Board of Education. The Board of Education is defined in Note 1:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1:E and Note 1:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2012  
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(5,706.00) for the general fund and \$ -0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 308,144.00	\$ 759,982.32	\$ 1,068,126.32
Special Revenue Fund	57,494.80	0.00	57,494.80
Food Service Fund	<u>2,063.70</u>	<u>105.85</u>	<u>2,169.55</u>
Total Awards and Financial Assistance	\$ <u>367,702.50</u>	\$ <u>760,088.17</u>	\$ <u>1,027,790.67</u>

Note 4: Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified?       yes       X       no
- 2) Were significant deficiencies identified  
        that were not considered to be material  
        weaknesses?       X       yes       none reported
- C) Noncompliance material to basic  
    financial statements noted?       yes       X       no

**Federal Awards Section**

Not Applicable

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor's Results (Continued)

**State Financial Assistance Section**

- F) Dollar threshold used to determine Type A Programs \$ 300,000.00
- K) Auditee qualified as low-risk auditee?        yes X no
- L) Type of auditor's report on compliance for major programs. Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified?        yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? X yes        none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?        yes X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-078</u>	<u>Equalization Aid</u>

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Finding 2012-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Questioned Costs:

Not Applicable

Context:

While this situation is not unusual in operations the size of the School District, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Recommendation:

Not Applicable

BOARD OF EDUCATION  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS – Not Applicable

STATE FINANCIAL ASSISTANCE – See Financial Statements Finding #2012-1.

BOARD OF EDUCATION  
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING #2011-1

Condition

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Current Status

Unchanged – See Finding #2012-1.